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Nobel Panel Sends Out Message of Protest Over Nuclear Tests



Joseph Rotblat outside his London office on Friday following the announcement that he had won the Nobel prize.

Peace Prize for a Dissident Physicist Stokes Criticism of France and China

By Richard W. Stevenson
New York Times Service

LONDON — Wading openly into an internationally contentious issue Friday, the Nobel committee of Norway awarded its 1995 Peace Prize to Joseph Rotblat, a physicist who helped develop the atomic bomb but subsequently led a campaign among fellow scientists to eliminate nuclear weapons.

In awarding the prize to Mr. Rotblat and the little-known organization he heads, the Pugwash Conferences on Science and World Affairs, the Nobel committee said it wanted to send a message of protest to France and China over the nuclear weapons tests they have conducted recently despite international pressure on them to stop.

"It is a protest against nuclear arms in general, but particularly testing," said Francis Sejersted, the chairman of the five-person committee, which is appointed by the Norwegian Parliament. Norway's prime minister, Gro Harlem Brundtland, has been highly critical of France's decision to conduct up to eight nuclear tests in the South Pacific.

Asked if the committee was calling on France and China to halt nuclear weapons testing immediately, Mr. Sejersted said: "That is the indirect message."

In Paris, the French government made an official statement of congratulations to Mr. Rotblat, but the award clearly stung many politicians there, who have seen President Jacques Chirac's decision

to resume testing after a three-year hiatus draw criticism around the world. Prime Minister Alain Juppé said that the tests would continue. (Page 5.)

Mr. Rotblat, who is 86 and was born in Poland, said he considered the French and Chinese testing programs "an outrage." But he said the French testing program had put the issue of nuclear weapons back in the public eye after several years in which the end of the Cold War had made strategic arms control less of an issue.

The award of the peace prize, he said, provided another opportunity to bring pressure on those nations to stop their testing and to lobby all the nuclear powers to dismantle more of their arsenals.

At a news conference in London, Mr. Rotblat said the prize was an honor for the scientists associated with the Pugwash project "who have been trying for 40 years to save the world, sometimes against the world's wishes."

"I am not predicting that by this prize the world will be safer," he said. "But my hope is that more scientists will be encouraged to think seriously about the social impact of their work."

Mr. Rotblat was a member of the Manhattan Project team that designed the atomic bomb at Los Alamos, New Mexico, during World War II. He left the project eight months before the United States dropped the bomb on Hiroshima 50 years ago, saying that once it became clear Hitler would not develop a weapon

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Turks Laud Sentences of 4 Germans in Racial Attack

10- to 15-Year Terms; Defendants Unrepentant In 1993 Arson Killings

By Rick Atkinson
Washington Post Service

BERLIN — A German court convicted four men Friday in the 1993 arson-murders of five Turks, a case that came to symbolize racist violence and racial intolerance in unified Germany.

Judge Wolfgang Steffen sentenced Markus Garmann, 25, to 15 years in prison for killing two women and three girls, all members of the same family, in a firebomb attack in the industrial town of Solingen, near Cologne.

Three accomplices tried as juveniles — Felix Köhnen, 18; Christian Reher, 19; and Christian Buchholz, 22 — each received the maximum allowable sentence of 10 years.

The attack against a Turkish family that had lived for many years in Germany shocked the nation and provoked international condemnation. It also led to what many believed was a belated effort by the federal government to crack down on rising xenophobia and neo-Nazi violence following German reunification in 1990.

The verdicts in a Düsseldorf courtroom triggered an uproar by the defendants and their families. While some family members in the public gallery shouted "swine!" at the judge and were forcibly ejected from the chamber, Mr. Köhnen screamed, "I'm going to kill myself today! There won't be any appeal!"

Leaders of Solingen's Turkish community had issued a plea for calm before the verdict, fearing that acquittal would lead to violent demonstrations by many of Germany's 2.5 million Turkish residents. The murders on May 29, 1993, were followed by several days of rioting by outraged Turks.

Instead, the convictions brought expressions of satisfaction from Turkish leaders and German politicians alike.

Farkut Sen, director of the Center for Turkish Studies in Essen, said "the Turkish minority in the federal republic can rest assured that the judges were motivated by justice in their verdict."

The Council of Turkish Citizens, an umbrella organization in Gießen for about 2,500 Turkish organizations, called the verdict "good, courageous, trailblazing and just."

Cornelia Schmalz-Jacobsen, the federal government's top official handling foreigners' issues, expressed hope that the convictions would stiffen resistance against all forms of xenophobic discrimination.

In the 128-page verdict, Judge Steffen called the Solingen attack "one of the worst xenophobic crimes in postwar history." The 18-month trial was plagued by conflicting confessions from two defendants and questionable police techniques.

The fire reportedly was set shortly before 2 A.M. in the foyer of the house, quickly engulfing the entire structure. Neighbors awoke to the terrified screams of the victims: Saim Genc, 4; Hülya Genc, 9; Gulistan Ozurk, 12; Hatice Genc, 18; and Gursun Ince, 27, who died from injuries suffered when she leaped from a window. Ten others, including an infant, were injured.

Two weeks after the murders, Mr. Garmann signed a statement incriminating all four defendants; a former member of the extreme-right German People's Union, he also claimed early in the trial to be "infinitely ashamed" of his actions.

But Mr. Garmann subsequently recanted, claiming his confession had come under police duress. Mr. Reher, who was 16 at the time, claimed that he had set the fire himself and that his three co-defendants were innocent.

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Serbs Threaten to Sink Talks as Bosnian Assault Continues

By Chris Hedges
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Bosnian Serbs threatened to withdraw from scheduled peace talks and demanded NATO air strikes to halt what UN officials say is a drive by Bosnian government and Croatian forces to seize the Serbian-held city of Prijedor.

The decision by the Bosnian government to continue an offensive near the town of Sanski Most in northwestern Bosnia, despite the two-day-old U.S.-brokered truce, threatens to unravel the cease-fire agreement, United Nations officials said.

UN officials met Friday with the com-

mander of the Bosnian 5th Corps, General Atis Dudakovic, in an effort to halt the offensive. The officials said they were told the assault would stop, but remained skeptical. And they warned that unless the

The U.S. defense secretary wants a year's limit on troops in Bosnia. Page 7.

fighting ended soon it could spread to other parts of Bosnia, where the cease-fire has largely taken hold.

"It appears that what General Dudakovic told us does not match up with what his intentions are in the area," a UN official said. "It is quite possible, despite the government's pledge to honor the cease-fire,

that General Dudakovic has decided to continue to fight for a few more days to take the territory he wants. He is in a good position to take Prijedor. But if he takes Prijedor it will be disastrous for the cease-fire."

President Alija Izetbegovic of Bosnia said Friday he believed the cease-fire would hold, in spite of continued battles.

Mr. Izetbegovic said in Prague that his government was committed to the peace process and that the Bosnian Serbs would abide by the truce because of the losses they suffered following two weeks of North Atlantic Treaty Organization air strikes last month.

"Both sides now have good reason for the cease-fire to be observed," he said.

"I'm sure that the cease-fire will hold."

But the Bosnian Serbs have reacted angrily to the battles under way outside Sanski Most, a strategic town seized in the past few days by the Bosnian government and their Croatian allies. These officials said that Croatian forces were shelling villages in the area of Prijedor where, in 1992, Muslims and Croats were driven from their homes in one of the most brutal "ethnic cleansing" campaigns of the war.

General Milan Gvero, deputy commander of the Bosnian Serbs, demanded Friday that the government and Croatian forces "be punished with all means available" by NATO forces, the Belgrade news agency Tanjug said.

And a Bosnian Serbian leader, Nikola

Koljevic, said the Serbs could pull out of the peace process.

"If the UN and international community don't do everything to stop the Muslims and Croats," Mr. Koljevic told The Associated Press, "we will consider very seriously stepping out of the peace process and asking Yugoslavia to do the same."

An estimated 30,000 to 40,000 Serbian refugees have fled their homes in northwestern Bosnia, following the government and Croatian advances of the past week. The Serbs have, for their part, driven over 7,000 Muslims and Croats from their homes around the Serbian stronghold of Banja Luka.

The population transfers appear de-

See BOSNIA, Page 5

North Korea and Its Leader Are Unstable, Defector Says

Compiled by Our Staff From Dispatches

SEOUL — The North Korean leader, Kim Jong Il, does not hold complete control of the country because he has failed to win over the military, and he is lavishing villas and luxury cars on senior army officers in an effort to win their support, a defector said Friday.

"After becoming supreme commander in 1992, Kim Jong Il showered 20 military generals with extraordinary gifts, including luxurious villas and brand new Mercedes cars," the defector, Lieutenant Colonel Choi Ju Hwal, said at a press conference.

It was the first public appearance by Colonel Choi, 46, since he fled the North in June. He was described by South Korean agents as the highest-ranking officer to defect to the South since 1970.

Mr. Kim is recognized as the leader of North Korea but has yet to take the title of president or general secretary of the governing Workers' Party, which were held by his father, who died in July 1994 from a heart attack.

Colonel Choi said Mr. Kim's "disorderly private life and temperamental personality" had led many of North Korea's military elite to seriously question his ability to govern. Those questions have blocked Mr. Kim's path to power, and were a major reason he had not assumed the country's top posts, the defector said.

He said Mr. Kim was waiting for the political situation to stabilize and for the economic situation to improve before he assumed his father's titles.

Colonel Choi's account bolsters previous reports that the hard-line military was unhappy with Mr. Kim, who reportedly wanted to veer away from the North's strenuous emphasis on self-reliance.

Colonel Choi defected from a post with a trading company in China that was run by the North's military after North Korean authorities threatened to punish him for having contacts with South Korean businessmen. He is a former military attaché in the North's embassy in Czechoslovakia.

His defection was not made public by

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AGENDA

New Delay on U.S. Envoy to China

WASHINGTON (Reuters) — President Bill Clinton's nominee to be ambassador to China, former senator Jim Sasser, was asked on Friday to return to the Senate Foreign Relations Committee to explain remarks he had made about China and Hong Kong.

The committee chairman, Jesse Helms, a North Carolina Republican,

said he wanted to discuss replies that Mr. Sasser had given to questions after Mr. Helms left the hearing.

Mr. Sasser had disavowed votes he had cast as a Democratic senator from Tennessee linking China's favorable trade status with its human rights performance and said China had a legal right not to abide by legislative elections conducted last September in Hong Kong when it takes control in 1997.

Earlier article, Page 7.

China Dam Project Hit

WASHINGTON (Reuters) — The United States should not offer commercial assistance to a huge dam project in China because of environmental concerns, the White House said Friday.

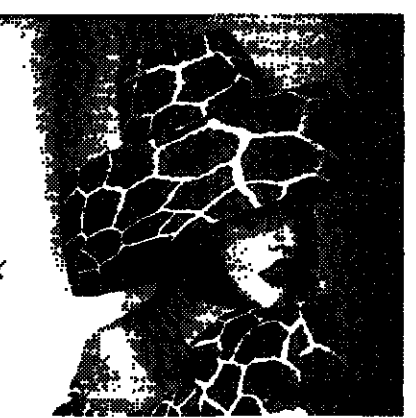
"We've concluded that the United States government should not offer commercial assistance to the Three Gorges project because of environmental concerns related to the project," the White House spokesman, Mike McCurry, said at a briefing.

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Major's Call to Arms

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Gingrich for President?

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TALL ORDER — A giraffe-printed hat from Thierry Mugler at the Paris ready-to-wear collections. Page 21.

Dow Jones		Trib Index	
Up	28.90	Up	0.21%
4793.78		125.25	
The Dollar		Ft. close previous close	
DM	1.4265		1.4173
Pound	1.574		1.577
Yen	100.97		100.15
FF	4.962		4.946

What's Up, Doc? A Giant Race for (Real) Cartoon Profits

By Richard Covington
Special to the Herald Tribune

CANNES — When the Jetsons land in Thailand, can "Aladdin" and "Beavis and Butt-head" be far behind?

Faster than the Roadrunner can leap off a cliff, the world's leading media conglomerates have set off a race to capture emerging cartoon audiences around the world.

Walt Disney, Viacom, Turner Broadcasting and Warner Brothers have all

geared up to conquer new children's markets from Taiwan to Latin America, company officials and analysts say.

The result is that children's animation, long the forgotten stepchild of television programming, is undergoing a worldwide renaissance.

At stake along with cartoon profits are multibillion-dollar revenues in television advertising and toy-licensing fees. In the United States alone, children's programs — heavily tilted toward animation — accounted for \$800 million in advertising revenues in 1994, according to Competitive Media Reporting. That figure is expected to reach \$1.1 billion within six years.

Turner Broadcasting's Cartoon Network, the cable and satellite service that reaches some 70 countries, recently began broadcasting into Wuhan, China, and continues to blanket Europe, despite objections by French cultural watchdogs intent on preserving quota restrictions.

Along with revenues, production budgets are skyrocketing in a pitch for the most demanding, discerning audience — school-age viewers.

Production costs for a single half-hour episode of "The Simpsons" can run as high as \$600,000. A 90-minute version of "The Wind in the Willows" being developed for

Carlton UK Television, is budgeted at \$4.65 million.

Even the planned merger of Time Warner and Turner Broadcasting is not immune to cartoon fever. By acquiring Turner Broadcasting, Time Warner guarantees access for its underexploited library of Bugs Bunny and other Looney Tunes shorts to the Cartoon Network.

Production around the world is mushrooming, particularly in Europe, where broadcast of locally-produced animated television has grown from 200 hours five years ago to more than 1,000 hours, according to an association of animators financed by the European Union.

Despite the surge in European production, it is still American cartoons that garner the highest ratings, with the Flintstones, Aladdin, and Tom and Jerry occupying the top positions, according to Jay Stuart, a media analyst with Kagan World Media.

Firmly entrenched in Europe, American companies are casting their nets for viewers in the Asia-Pacific region, Latin America and Africa.

Nickelodeon International, a subsidiary of Viacom, Inc., is set to begin service to Australia at the end of the month.

"We intend to expand into two or three

other markets by the end of 1996," said the company managing director, Jon Miller.

Hanna-Barbera Cartoons, a subsidiary of Turner Broadcasting, announced an agreement this week with a Thai broadcaster to air the Jetsons, Top Cat and other cartoons on the local network.

The resurgence in cartoons has not been just for children. Betty Cohen, president of Cartoon Network Worldwide, said viewer surveys have revealed that nearly a third of the network's audience are adults.

"There will be a continuous boom in animation," she predicted at an international television market here this week, "because it travels well, is easily dubbed, and relies greatly on visual — not verbal — comedy so anyone can understand the humor."

"Five years ago, animation was relegated to the ghettos of programming," said Marc Pontavice, president of Gaumont Multimedia, the animation and multimedia division of Gaumont SA launched earlier this year in Paris. "Now programmers see there is long-term value in cartoons because a new generation comes up every few years, allowing the programs to be recycled."

Amid the science-fiction saviors and

See CARTOONS, Page 5

Russia's 'Colin Powell'

This General Has Made Up His Mind

By Alessandra Stanley
New York Times Service

MOSCOW — Alexander I. Lebed, an Afghan War hero and anti-establishment general, thinks that it is time to bring back a little Soviet-style order and discipline to Russia.

"This country has been without stern, sails and wind, and it needs someone at the helm," he says. "We are doomed to live in an authoritarian state until genuine democracy, which should not be confused with anarchy, can be set up."

Russians seem to love that kind of talk. Weary of corruption, organized crime and fallen pride, voters say they want strong leadership and a new face — with a touch of the iron-fisted authority of old.

General Lebed, 45, a nationalist who says the Russian empire must be restored, has emerged as one of the most popular contenders for the 1996 presidential elections. Like General Colin Powell, whom he professes to admire,

General Lebed enjoys a popularity based more on his résumé and strong character than on any clearly defined program.

His macho populism reaches beyond military men to disenchanted liberals and even Communists. And though he is seeking a seat in Parliament in the December elections, he is also already running — and talking — like a presidential candidate. With his former boxer's battered face, and a voice so deep it has been likened to artillery fire, General Lebed stands out.

He speaks in blunt, vivid images, with a honed instinct for what many Russians are yearning to hear. Both his father and grandfather fought in the Soviet Army in World War II, and he invokes them often to rail against the inequities of privatization.

Three generations of soldiers and all we earned, the three of us, was a 10,000-ruble voucher — not enough to buy an iron," he said in an interview. "And

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Fearing Powell Candidacy, Gingrich Weighs a Run

By Dan Balz
Washington Post Service

WASHINGTON — The House speaker, Newt Gingrich, has recently told fellow Republicans that he is worried that a presidential candidacy by Colin L. Powell, former chairman of the Joint Chiefs of Staff, could frustrate the goals of the party's 1994 electoral victory, and he has asked them whether he should become a candidate himself.

Mr. Gingrich made a series of telephone calls within the last week to some Republican elected officials and strategists, apparently prompted by polls showing sagging support for the Republican Party and indicating that right now President Bill Clinton would defeat the Republican front-

runner, Bob Dole, the Senate majority leader, in a head-to-head contest.

According to several Republican sources, Mr. Gingrich said he was concerned that if Mr. Dole continued to weaken in the polls and if frustration mounted with the rest of the Republican presidential field, Mr. Powell could win the Republican nomination without Republicans knowing for certain whether he shared the party's enthusiasm for its conservative economic and social agenda.

According to one Republican, Mr. Gingrich told people: "Do you think the Powell thing is for real, because if you do, you need to know it's going to go in a different direction than we've been going, and what does that mean? Do I need to get back in it?"

Another Republican who has

talked with Mr. Gingrich said the House speaker has a more complicated view of a Powell candidacy and still does not want to enter the race himself.

"I think Newt has a question and a point of view combined that says if Powell runs there is some exciting potential to it," this Republican said, particularly if Mr. Powell embraced the Republican agenda more fully than he has so far.

But this Republican said Mr. Gingrich still questioned whether Mr. Powell would "be a leader of the movement and the cause of the revolution of 1994," or whether Mr. Powell would try to run and take the party in another direction that "would not be acceptable to a majority of House Republicans."

Mr. Powell is in favor of abortion rights, affirmative action and limited gun control — all contrary to Republican orthodoxy — and has been more elliptical about the party's agenda for shrinking the federal government, changing welfare and moving power out of Washington to the states.

Mr. Powell said again this week that he would not make a decision about the presidency until November, saying that "it's possible" that he would campaign for the Republican nomination.

"In the Republican Party, there is a revolution in progress, beginning with Newt Gingrich's 'Contract with America,'" he said in Paris. "I don't approve of everything in the 'Contract,' but I found in it energy, life and

a willingness to change." Those kinds of comments have raised fears within the party that a Powell candidacy could blunt its conservative agenda.

But Mr. Gingrich's musings to fellow true believers also might be an effort on his part to influence Mr. Powell's thinking about how to conduct his candidacy, if he decides to run for president, according to another Republican.

Mr. Powell received another boost Thursday when Barry Goldwater, the Republican presidential nominee in 1964 and a supporter of Mr. Dole's candidacy, said he hoped Mr. Powell would run.

"I think you could almost call him automatically elected. He's that good," Mr. Goldwater said.

Gingrich & Co. Fine-Tune Their Budget Measure

By Eric Pianin
and John E. Yang
Washington Post Service

WASHINGTON — The House Budget Committee has combined the major elements of the Republicans' legislative revolution into a far-reaching bill intended to balance the budget over seven years, cut taxes for families and dramatically change the face of the federal government.

Even before the House Budget Committee voted, 24 to 16, on Thursday to stitch together the various bills already approved by other House committees into a single measure, under a process called "reconciliation," the White House warned that President Bill Clinton would veto the Republican spending cuts and force Congress to stay in session until it approves a plan more acceptable to him.

But Newt Gingrich, Republican of Georgia and the House speaker, predicted that Mr. Clinton would eventually go along.

"If he plans to run for reelection, which I understand is his latest position," Mr. Gingrich said, "it's a very big step for him to say to the American people: 'I'm going to veto a balanced budget.'"

The measure, which the House is scheduled to consider Oct. 24, would cut taxes for families, overhaul Medicare and welfare, and end the current Medicaid program for the poor and disabled by giving states the responsibility for providing medical care to the poor. Overall, the measure would save \$894 billion over seven years. Its provisions would touch students with federally guaranteed loans, dairy and peanut farmers who receive federal price supports, federal retirees and military veterans. It would abolish a cabinet agency, the Commerce Department, and set strict limits on federal spending through 2002.

"This is the second piece of what we said we would do," said the House Budget Committee chairman, John R. Kasich of Ohio, alluding to the House Republicans' "Contract

With America." He declared the bill would "balance the budget, pay for tax relief and strengthen defense, without smoke and mirrors."

Representative Martin O. Sabo of Minnesota, the panel's ranking Democrat, countered: "To keep promises is nice, but when the promises are bad, that is not moving forward." He complained that the measure "targets its cuts at the people who are struggling to get ahead and rewards in a massive way the most affluent."

The Senate is to draft a similar budget measure and the differences between the two versions will be resolved by House and Senate negotiators.

As with any legislation so big, it has provisions that virtually everyone could oppose. House Republican leaders are urging lawmakers to overcome regional or political issues to vote for the measure in order to achieve the goal they set out last fall in the "Contract With America" to balance the budget by 2002.

In addition, Mr. Gingrich and Mr. Kasich have signaled their willingness to make changes in the bill in order to solidify support. During recent weeks, Mr. Gingrich has been meeting almost daily with members who have problems with the bill to try to work things out.

A group of moderate Republicans headed by Representatives Frederick S. Upton of Michigan and Steven Gunderson of Wisconsin drafted a letter to Mr. Gingrich asking him to consider several changes that could be made when the bill is before the House Rules Committee next week, including one to limit eligibility for a proposed \$500-per-child tax credit to families making less than about \$95,000 a year.

The moderate lawmakers also are pressing for the elimination of provisions that would open the Arctic National Wildlife Refuge to oil and gas drilling, eliminate the Davis-Bacon requirement that government builders and contractors pay their workers the prevailing wage and force federal workers to pay more into their retirement programs.

Simpson's Call to The Times Starts a Lot of People Talking

By Howard Kurtz
Washington Post Service

WASHINGTON — It was hardly a coincidence that O. J. Simpson picked up the phone to call Bill Carter, a television reporter for The New York Times.

Mr. Carter got to know the former football player when he was writing a book in 1988 about the ABC program "Monday Night Football," where Mr. Simpson worked as a sportscaster. But Mr. Carter had not covered Mr. Simpson's murder trial and he had not

been expecting the call.

The result was a front-page article Thursday in which Mr. Simpson answered no questions about the killing of his former wife and her friend but spoke about his children, his Ferrari, his wealth, his Jacuzzi, his dislike of Marcia Clark and his romance with Paula Barbieri. Having canceled his story to a letter to the editor, Mr. Simpson thus gave the appearance of going public without having to talk about the killings.

"It's hard to even call that an

interview because of what it didn't get into," said Leo Wolinsky, metropolitan editor of the Los Angeles Times.

"I would hope if it happened here at the L.A. Times that we would say, 'If you're going to talk to someone, you're going to talk to someone who covered the case.'"

Mr. Wolinsky likened the story to a letter to the editor, saying, "I don't know that it does a great service to anyone."

Mr. Carter and New York Times editors referred calls from reporters to the paper's

spokeswoman, Nancy Nielsen. She said that "there were no ground rules or limits put on the interview," but that "there were questions that Bill asked that O. J. declined to answer, saying he had been told by his lawyers that those were sticky areas."

Mr. Carter said on the CNN program "Larry King Live" that "I picked up the phone and Mr. Simpson was on the phone."

"He called out of the blue," he added. "Needless to say, I was not as prepared as Tom Brokaw and Katie Couric

would have been to question him about the evidence," referring to the two NBC reporters who were to have conducted the Simpson interview.

Some New York Times staffers said they were embarrassed that Mr. Simpson had in effect been able to choose his interviewer rather than agree to a longstanding interview request from David Margolick, The Times's legal reporter who covered the trial.

"It was a wonderfully manipulative device on the part of O. J.," said Ken Auletta, media critic for the New Yorker mag-

azine. "Transparently cynical."

"O. J.'s problem, after he turns down NBC, is that if he doesn't do any interviews, it looks like he's stonewalling," Mr. Auletta added. "It's not good for his image. Emotionally, he needs to talk or he feels like he's hiding."

While The Times undoubtedly would have preferred that Mr. Margolick conduct the interview, Mr. Auletta said, "If your TV guy gets a call from O. J. Simpson, are you going to turn it down?"

"Of course not."



CHEERLEADING — A group of Jews waving the Quebec flag as Premier Jacques Parizeau, a proponent of separation, arrived to help open a synagogue in Boisbriand, north of Montreal. Quebec votes on sovereignty Oct. 30.

POLITICAL NOTES

Republicans in House Back Down on Rebel

WASHINGTON — Responding to angry backbenchers, House Republican leaders have indicated that a freshman rebel who had been disciplined for voting against a major appropriations bill now would be offered a choice committee assignment to make amends.

The sudden turn in the fortunes of Representative Mark W. Neumann, Republican of Wisconsin, on Thursday was another illustration of the power of first- and second-term members of the House.

Against that backdrop, Republican leaders were relieved when a threatened mass revolt by members against the House-Senate compromise agricultural spending bill for 1996 did not materialize.

The compromise passed easily, 288 to 132.

Mr. Neumann called his experience "a statement as to how much change is occurring out here." Details of the leadership's settlement with him were still being negotiated. (WP)

Dole Loses on Cuba

WASHINGTON — The Senate majority leader, Bob Dole, narrowly lost the first round in a fight to force passage of legislation to tighten sanctions on Cuba in defiance of President Bill Clinton's recent move to relax travel and financial restrictions against the island.

But a second vote is planned for Tuesday, and Senator Dole was likely to pick up enough votes to win then.

On Thursday night, the Senate voted, 56 to 37, to end delaying tactics by Democratic foes of the bill, four short of the two-thirds needed. (WP)

Tax Credit Advances

WASHINGTON (AP) — Senate Republicans resolved a sticky intramural battle Friday by deciding as part of a tax cut to propose a permanent, rather than temporary, \$500-per-child tax credit.

However, the credit would not be retroactive, as Republican senators had hoped. They had wanted to put the money in voters' pockets before the election next year. Under the proposal, taxpayers

would not reap the benefits until they filed their 1996 returns.

Single taxpayers earning up to \$75,000 and couples earning up to \$110,000 would be eligible for the full credit. Many others would get a partial credit, depending on how many children they have. An already-passed House bill would award a full credit to families earning up to \$200,000 and partial credit up to \$250,000.

The seven-year, \$245 billion tax-cut package also would dramatically expand eligibility for Individual Retirement Accounts and cut taxes on capital gains and on estates. (AP)

Quote /Unquote

President Clinton, after a conference call with small-town hospital administrators in which he denounced the Republican budget as "especially devastating to rural hospitals and rural families," saying he would not sign budget bills he could not live with: "I would gladly, gladly terminate my tenure here if the price of continuing it was just shelving everything I believe in about this country." (NYT)

Away From Politics

• The 47 million recipients of Social Security and Supplemental Security Income benefits will get a 2.6 percent cost-of-living increase in 1996, the second smallest in 21 years, the agency's commissioner said in Washington. (AP)

• Bowing to protests from human rights groups, the Pentagon canceled a program to develop a backpack laser-weapon to blind enemy troops rather than kill them. (LAT)

• The Federal Aviation Administration is invoking new rules and penalties to protect airlines — and the president's Air Force One — from counterfeit equipment. The crackdown came as two businessmen admitted in a U.S. court that they had supplied faulty emergency equipment to customers, including Space Group, which services Air Force One. (AP)

• A crack in a test engine forced NASA to delay the launch of Columbia for the fifth time so workers can inspect its engines. They want to make sure the three main engines are safe before sending the craft on a long science mission. (AP)

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Germany D. M.	700	210
Great Britain £	210	65
Ireland £ Ir.	230	68
Italy Lire	470,000	145,000
Luxembourg L. Fr.	14,000	4,200
Netherlands Fl.	270	81
Portugal Esc.	47,000	14,000
Spain Pes.	48,000	14,500
hand delivery Madrid	55,000	14,500
Sweden (normal) S. Kr.	3,100	900
hand delivery S. Kr.	3,500	1,000
Switzerland S. Fr.	610	185
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Herald Tribune

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Bank Statement

The recently disclosed trading loss of \$1.1 billion at Daiwa Bank will not hasten the collapse of the bank itself. Nor will the losses seriously damage Japan's banking system or economy.

But Japan's long delay in informing American regulators of a scandal involving the bank's New York branch has impaired the trust that was developing between the two countries on economic issues. The arrogant and clumsy way the matter was handled in Tokyo also raises doubts about the sincerity of Japan's promised effort to open up its economic system.

In other recent trading debacles, including the \$1.4 billion in losses at the Singapore office of Barings PLC, bank regulators were among the first to investigate. By contrast, the Finance Ministry in Japan appears to have closed ranks with the bank to minimize embarrassment and cover up the damage.

With Japan stagnating in its longest postwar recession, it may be understandable that the government would not want to create a panic about its banking system. The collapse of stock and real estate prices has led to \$400 billion in bad loans held by Japanese banks. Many analysts say the loss is twice as big as that. But the government's impulse has been to let the banks hide the extent of their losses, as if public ignorance would make matters better. A ministry official offered the re-

markable suggestion Thursday that a prompt investigation would have been unseemly in light of the government's great trust in Japanese banking executives.

American officials make no secret of their disappointment at Japan's action. But the insular and secretive ways of the Finance Ministry have also drawn criticism in many influential quarters in Japan. A leading Japanese newspaper called the ministry an "anachronistic monster," noting that its bureaucrats have greater say than elected officials over public works outlays and government spending.

It is up to Japan to determine how best to open up its economy to outside scrutiny. But the United States has a clear interest in Japanese banking reforms. The Daiwa bank may have violated laws of the United States and New York state. The weakness of Japanese banks has led to higher Japanese interest rates, hampering a recovery that affects the United States as well as Japan.

The United States needs to remind Japanese leaders that the obligation to disclose is a foundation for all international dealings of financial institutions. In Japan, the government should use the banking crisis to redouble its once promising drive to open up the economic system and make it more accountable to those who depend on it.

—THE NEW YORK TIMES

Invest in Stability

Many members of the U.S. Congress have always regarded foreign development aid as a throwaway. That's always been a mistake, but never more so than today, in the turning world economy that has followed the end of the Cold War. Just as in America, it is also true worldwide that the gap between rich and poor is widening. Set aside for now the good argument that it's morally squallid for the country with the world's highest standard of living (yes, it's still the highest) to ignore those with the lowest. Congress evidently doesn't find that persuasive. Consider only American national interests.

The United States is a member of the World Bank, whose business is economic development. It runs an agency called the International Development Association (IDA), which provides low-interest, subsidized loans to improve life for some of the world's poorest people. For every dollar that the United States contributes to the IDA, other rich countries contribute \$4. In 1996, the United States is committed to provide \$1.3 billion. Congress intends to appropriate about half that. An American default on such a scale would mean a severe drop in financing for growth where poverty is greatest.

Regarding American interests, the World Bank has put \$140 million into Haiti since the improved government

took over there last year. Economic progress makes the job easier, as well as less dangerous, for the U.S. troops who are there as peacekeepers. And Haiti isn't the only example.

James D. Wolfensohn, the World Bank's president, in his address to its annual meeting in Washington this past week, said that one of his immediate priorities will be restarting economic growth after wars. One case on his mind was Bosnia, where, if the fighting ends, some 25,000 American troops may shortly be on duty as peacekeepers. At best, that will not be an inexpensive operation. Bosnia's economic output has fallen to starvation level. The burdens on the peacekeepers will be lighter, and the drain on U.S. funds less, if a vigorous and competent economic reconstruction effort is under way. One advantage of doing it through the IDA is that, to put it crassly, four-fifths of the money will come from other countries. But the IDA's work goes far beyond peacekeeping.

"IDA is essential," President Bill Clinton said at the same meeting, also pointing out that it was proposed by President Dwight Eisenhower. It's an investment in stability throughout the world, providing hope to people who now have little of that precious commodity.

—THE WASHINGTON POST

A Better Tax Bill

The Senate Finance Committee is debating a tax bill that does everything wrong. It promotes consumption rather than savings. It cuts taxes on the rich and raises them on the poor. It creates tax shelters for corporations. It widens the deficit by \$245 billion, meaning important social programs would be vulnerable to later efforts to reduce that deficit.

The only nice thing to say about the Senate Republicans' plan is that it is better than the House plan. There are moderate Republicans who might try to pull the bill even closer to fiscal responsibility before it emerges from committee. Here are several ways to ameliorate the bill's harmful impact.

Capital gains: The Republicans want to encourage investment by cutting nearly in half the tax on capital gains — the profit on the sale of stocks, bonds and property. The cut is unwarranted because capital gains income is already favored by a lower tax rate. In addition, investors can postpone paying taxes on the rising value of stocks and real estate until they decide to sell, whereas taxes on wage and interest earnings are due each year.

Further, the Republican proposal would give the new tax break to owners of old investments, a needless giveaway. At the very least, the committee should restrict the tax cut to assets that investors buy in the future. The committee should also reject a House proposal to index the capital gains tax so that investors are protected from inflation. Indexation might make sense, but only if interest payments are indexed at the same time.

Child credits: Republicans propose to hand out a \$500 tax credit per child to families earning up to, in some versions, \$200,000. Families too poor to owe tax get nothing. It is anticipated that parents will spend almost all of the credit. That

would be a great idea if what America needed was more consumption. However, the economy needs savings. The committee could make the provision fair by extending it to poor families, and limit the overall damage by restricting the credit to families earning \$75,000 or less.

Corporate taxes: House Republicans want to raise the deduction corporations can take on investment in plant and equipment. The proposed deduction would be so large that corporations could invest in money-losing projects, yet walk away with a profit after cashing in the additional deduction. This provision should be scrapped. The Republicans also propose to wipe out the minimum tax corporations have to pay no matter how many shelters they are able to exploit. Congress should remove unwarranted shelters. But until then, the minimum tax is needed.

Earned income tax credits: The committee would cut back a credit that goes to low-paid workers to keep them out of poverty. The Republicans say the program is riddled with fraud. They exaggerate. Besides, Congress can go after fraud without going after the millions of families that rely on the credit to stay off welfare.

The best choice, of course, would be for the Senate to shelve any tax cut until it can prove it knows how to balance the existing budget without wrecking the safety net for the needy or public investments. A smaller cut would threaten worthwhile government programs less. Unfortunately, there are too few votes for paring the tax cut below \$245 billion. Therefore, the best outcome that one can now hope for would seem to be a bill reworked in committee that includes a trimmed-down capital gains tax cut and a targeted child credit, keeps the earned income credit and omits new corporate loopholes.

—THE NEW YORK TIMES

Preparing for the Third Act in the Balkan Tragedy

By William Pfaff

PARIS — The cease-fire in Bosnia that began last Thursday ended only the second act in Yugoslavia's drama. A third act is to come, that of managing Serbia's military defeat and the consequences of its ideological victory.

Its victory is that it has caused ethnic cleansing to be carried out in virtually all of the former Yugoslavia. Its military defeat has meant that this ethnic partition has been at the expense of "Greater Serbia" and has rewarded Croatia.

Bosnia survives as a multiethnic state, uneasily federated with Croatia, but the federation's future is doubtful and liberal Bosnia is the weakest of the three nations coming out of this war.

There will be trouble from Croatia, which is now experiencing a frenzy of nationalist emotion. Despite American and German pressures, the brutality of Croatia's current ethnic cleansing of the Krajina and of newly conquered territories in northwestern Bosnia has resembled that practiced earlier by the Serbs.

Croatia's president, Franjo Tudjman, said in a recent Paris interview that he considered Croatia assigned "by the West" to "Europeanize the Muslims," an attitude that bodes ill for future relations between the Croats and the Bosnians. Sarajevo has always been the most sophisticated city (and society) in Yugoslavia, with nothing to learn from reactionary Croatian nationalists. Bosnia, however, has been changed by the war. The influence of liberals who believe in a secular and nonethnic state has been weakened in government, if not in public opinion. The elections promised

within a year, according to the U.S. plan, will be of extreme importance in Bosnia.

The first act in the Yugoslav drama was Serbia's successful war of expansion. Act two was the siege of Sarajevo and other Bosnian cities, while the United Nations and Europeans imposed a muddled and murderous stalemate on the war. The UN arms embargo seriously affected only the landlocked Bosnians, and the economic embargo imposed on Serbia-Macedonia made life miserable for civilians without reducing the Serbians' advantage in arms and war materiel.

NATO's air intervention in August and September at last changed that, and Croatia's attack in the Krajina and Serbian-held Bosnia deflated the Serbian reputation for military invincibility, opening the way to act three, the cease-fire and its aftermath.

(This Serbian military reputation was always a curious affair, greatly influencing UN commanders as well as generals in London, Washington and Paris. Why should Serbs be better fighters than Croats or the Muslim South Slavs, all the same people? Whatever the successes of Tito's Partisans in World War II — German military archives suggest these were much exaggerated by postwar Titoist propaganda — they were the successes of Yugoslavs, not just Serbs. Tito was a Croat, and his closest Partisan associates included Slovenians, Montenegrins, Macedonians and Bosnians of Muslim origin.)

The cease-fire, with agreement by all parties to start negotiations in Washing-

ton at the end of this month, came not only because the Clinton administration, pushed by Senate Republicans and by the electoral calendar, at last committed itself to solving this crisis, but because of the way it has done this.

I cannot say how much credit is due Richard Holbrooke alone. The foundations for the Croatian counteroffensive were laid down by Washington's initiatives in Zagreb more than two years ago. President Jacques Chirac of France, pushed by some of his generals, was the first Western leader to take a rough line with the Serbs. He wanted, and got, the Rapid Reaction Force that last summer shifted the ground balance of forces. But Mr. Holbrooke's energy and intelligence mark what followed.

What a relief it has been to see American power at last used with discrimination, determination and realism about means and goals. The U.S. plan now is to put North Atlantic Treaty Organization forces into Bosnia for a year, together with troops from Russia, if possible, with elections before the year's end. Bosnia's ability to defend itself is to be built up. Croatia and a reformed Bosnia should look after themselves when the year of the cease-fire is over. If there is a balance of arms, they should be capable of doing so.

Not everyone in Washington seems to understand that the goal has to be a self-policing settlement, where all three parties are mutually deterred from relaunching the war. President Bill Clinton himself has said things that seem to imply permanent foreign troop presence, on the model of UN peacekeeping in Cyprus or the Middle East. That is a very bad idea. So are

fanciful proposals that the United States try to police the Balkans from the air.

Outside powers certainly have an interest in whether aggressive war is reopened and atrocities resumed, but that does not require international forces to occupy the country. Occupation tends to displace the responsibility for peace onto foreigners, and it invites their manipulation and exploitation.

The biggest deterrent to more war is the damage this war has done to Serbia itself, and to Slobodan Milosevic, the man chiefly responsible. His program for Serbia's expansion is in ruins. He is beleaguered at home because of UN sanctions, and he will eventually have something like a quarter of a million Serbian refugees to resettle.

He also has Kosovo. He has tried to send Serbian refugees from the Krajina to Kosovo, the "sacred" province of the Serbs now overwhelmingly Albanian in population. They won't go. There is mass resistance among the refugees to being driven from one war front to what easily could become another. A writer in Pristina, Kosovo's capital, Shkëlzen Maligjaj says that "psychologically and politically, this is the end of the Serbian myth of Kosovo. For Serbs, even the unfortunate ones, Kosovo has become Albanian land, for which they would not sacrifice, because there is no purpose to it."

War does settle things. A hundred thousand are dead. Millions still suffer. There is no Greater Serbia, no return to Kosovo — no Yugoslavia.

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A Vote for Powell Would Be a Blow Against Racial Separatism

By Charles Krauthammer

WASHINGTON — In a recent column, I argued that Colin Powell, as president, would spell disaster for the Republican revolution. As a self-declared Rockefeller Republican and a man of widespread popularity and moral stature, General Powell would be able to halt the Republican assault on the New Deal-Great Society welfare state as no one else could.

Yet committed as I am to the success of the conservative revolution, I would seriously consider voting for General Powell. I would do so without any illusions about what damage a Powell presidency would do to the Republican project of dismantling the welfare state, a project I believe essential to restoring the vigor of civil society and of government itself.

What, for a person of my ideological ilk, could justify such a sacrifice? What issue could possibly trump the need for restructuring a ruinously dysfunctional national government?

Only one: race.

In an ironic and tragic turn of the civil rights revolution, there is today a powerful movement within the black community away from Martin Luther King's vision of integration toward a new kind of separatism, self-imposed and adversarial. Its most extreme advocate is, of course, Louis Farrakhan, who portrays African-Americans as an occupied people in an alien land.

His message has a resonance not confined to the political extremes of the black community. Monday will see the realization of Mr. Farrakhan's pet project, his Million Man March on Washington. The fact that such mainstream icons of the black community as the Congressional Black Caucus, the Southern Christian Leadership Conference and Jesse Jackson have endorsed Mr. Farrakhan's march shows the extent to which he and his separatist vision have gained legitimacy among African-Americans.

Thirty-two years ago in Washington, Dr. King imprinted on

America his vision of a land where "little black boys and black girls will be able to join hands with little white boys and white girls and walk together as sisters and brothers." Now, in the very same place, Mr. Farrakhan's contradictory vision — his march excludes not just whites but black women, too — will symbolically declare its supersession of Dr. King's.

But it is more than symbolism. This event is, in fact, only a reflection of the real currents of black separatism coursing through the country, currents on easy view at the separate dorms and dining halls insisted upon by black college students on U.S. campuses.

Against this tragic turn toward black separatism comes Colin Powell, a man who calls his autobiography not a personal jour-

ney, not an African-American journey, but an "American Journey," whose self-identity is one of soldier, patriot and, above all, American; who, while declaring himself to be proudly American, at the same time declares himself not just incidentally black but proudly black.

This deliberate, self-possessed merging of two identities offers by deed and example an extremely powerful alternative to Farrakhan-like separatism. His election to the office that uniquely defines American identity, his governing from the White House, his representing America to the world would necessarily have a dramatic effect on black self-consciousness.

The fact that General Powell appeals to whites is often patronizingly explained away by saying

that General Powell is a black whom whites can feel comfortable with, a "safe" black. But it is not a question of comfort. It is a question of identity.

General Powell's appeal to whites is not sentimental or guilty but, one might say, national. Americans, white and black, are in the grips of a crisis of identity. Yet, amidst all our multicultural confusions, the one vision on whose value and beauty we can agree is Dr. King's. Most whites desperately wish to see the fulfillment of Dr. King's vision. They may argue over the best way to implement it, but it remains a powerfully unifying theme.

General Powell proudly identifies with the integrationist vision. His very history personifies it. For such a man to win the presidency would have a transforming effect on Americans' view of racial pos-

sibilities. Among blacks, it would present, by stunning counterexample, the single greatest challenge since Dr. King to the voices of separation and alienation.

That is why even conservatives like me would have to give a Powell candidacy serious consideration. We have to seriously consider which is the more urgent threat to the American future: the depredations of a highly destructive welfare state or corrosive racial division.

It is not a simple choice. We did not need the O. J. Simpson trial to remind us that racial divisions in America are widening. In such a society, even conservatives need to consider whether a Powell presidency, for all its regressiveness regarding radical reform of the welfare state, might not be best for the country.

Washington Post Writers Group

Pulled in Two Directions by 'Million Man March'

By William Raspberry

WASHINGTON — A telephone friend wondered whether he'd missed the column in which I offered my "wise counsel" on the Million Man March. And if I hadn't written such a column, he demanded, then why not?

We chatted back and forth, but I never told him the real reason. Here it is:

Fear. Not fear of controversy or criticism or being called names. You get used to that sort of thing over years of writing about difficult issues. My fears have run in two counterposed directions: the fear of missing, and failing to endorse, what could be an important positive development in the history of black America and the fear of endorsing something and immediately wishing I hadn't.

The first aspect is easy enough to talk about. For some years now, I have been urging that black America come together in common cause on behalf of our chil-

dren: our future. I know there are other serious problems facing us, including the problem of racism. But these other problems, which might be lumped together under the heading of what other people have done to us, seem to me less urgent than the problems stemming from what we have done to ourselves — including the neglect and abandonment of our children.

Now comes Louis Farrakhan calling precisely for black men to come together in a sort of mass plenary to reclaim our responsibility as brothers and husbands and fathers: to support our communities, care for our families, guide our children. And how can I not say yes?

But it is Mr. Farrakhan who is calling the march, and that's enough to give any thoughtful nonfollower pause. For no matter how many right things he may say on Monday, I know there is an

excellent chance that he'll also say something hateful and wrong. There's no box on the column-writing form for a conditional endorsement.

A part of me wants to agree with the Reverend Walter E. Fauntroy, an organizer of the 1963 March on Washington and no fan of Mr. Farrakhan's, who told me he would attend the march.

"There's a need for a national retreat of black men, coming together for repentance and atonement," he told me. "We have much to atone for. Look at what we've done to one another: 14,000 black men gunned down in the last 100 years by us, our children born out of wedlock because we won't claim responsibility for them, our women deprived of our help and left alone to raise our children. Even the rate of child sexual abuse on the part of black men is rising."

"It doesn't matter to me if some of those leading the march are of a different creed. We still need to do what we need to do, and I'm with the Nation of Islam on this one. I'll be marching, and I'll be bringing along some of the gangbangers from my neighborhood."

I wish it were that easy. But I'm troubled by the fact that I don't know what (besides repentance and atonement) Mr. Farrakhan has in mind. A wise general doesn't announce his plans, a Farrakhan ally said the other day. That's true,

but a wise soldier doesn't volunteer to blindly follow a general he doesn't entirely trust.

Some of the things others have complained about don't bother me. I'm not bothered by the fact that the march is black; that doesn't make it anti-white. I'm not bothered that it is male. If the purpose is to address a problem manifested by black men (although it affects women and children), then what's wrong with a males-only meeting? If you're going to talk about the detection and treatment of prostate cancer, there's nothing sexist about not inviting women.

My worries go precisely to the prospect that Mr. Farrakhan will do something to make some of those who endorsed his march with him feel that he is not what they need. The fear is that he will say something anti-Semitic or anti-white, that he will blast one or another member of the political coalitions most blacks find useful, that he once again will confuse standing up for black people with standing against white people.

Indeed, he seems at times to take fiendish delight in discomfiting other black leaders by linking arms with them in the name of solidarity and then saying things that he knows will cause them grief.

Will he do it again? The idea of a million black men signing up for their children is incredibly attractive. But it would be well to know what else we are signing up for.

Washington Post Writers Group

Galapagos Ecosystem Under Attack

By Marc Miller and Donald Kennedy

STANFORD, California — Charles Darwin would be appalled. The ecosystem of the Galapagos Islands, where he gathered evidence crucial to his theory of natural selection, is threatened by angry fishermen.

Perhaps the best way to ignore the threat because the islands, 600 miles off the coast of Ecuador, are in the middle of nowhere. Partly because it is isolated, the archipelago forms a cornucopia of biological diversity and a laboratory for studies of evolution in action.

In 1959, Ecuador's government declared more than 95 percent of the island a national park and put careful safeguards on the unique flora and fauna. For example, it limited visitors to fixed paths and required the use of trained naturalists as guides.

Despite a long history of the introduction of alien species, including goats, rats and some plants, most of the archipelago is in remarkably pristine condition — for the moment. But tensions between mainland Ecuador and the islanders are mounting.

Earlier this year, Eduardo Veliz, the islands' sole delegate to the National Congress, sponsored a bill that would have shifted administrative power to the Galapagos residents and reduced protection for the ecosystem. It passed in Congress, but on Sept. 1, President Sixto Durán Ballén vetoed it.

A few days later, protesters wielding machetes and supported by the mayor of the largest town, Puerto Ayora, seized the Charles Darwin Research Station and the national park headquarters. They closed two airports that serve the archipelago.

The government sent in troops and calmed the situation. It agreed to talk with the protesters about their grievances. Their demands included the signing of the bill, control of local government, a requirement that all visitors spend at least one night ashore and dismissal of the park superintendent because he opposed a shift to local control.

The islanders' anger at the government has been building since December, when the government closed a lucrative fishery for sea cucumbers, which are exported for use in Asian cooking, after the legal harvesting limit was vastly exceeded. The fishermen seized the Darwin station but didn't harm anyone.

The sea cucumber fishery is only one of several industries that have threatened the islands' ecosystem. The Ecuadorian government banned the shark fishing industry because the fishermen killed sharks, took the fins and let the rest of the carcass rot. But this is not the familiar story

of poor locals whose need for economic development is being fought by affluent outside conservationists. Long-term residents have relied on agriculture and subsistence fishing, and their economic future will be improved more by preserving the ecosystem and promoting tourism than by exports of extracted natural resources.

The government is negotiating with the islanders on providing economic advantages. But conservation is not negotiable. The ecological threat goes well beyond the overfishing of the sea cucumbers.

At least 90 of the famed giant tortoises have been killed in recent years, and a major fire, probably arson, destroyed parts of the largest island. Fishermen have camped on some islands illegally and have destroyed a critical mangrove habitat.

The protesters have threatened arson — and hostage-taking — if their demands are not met.

Neutralizing this threat and protecting an area crucial to our understanding of nature and humans' place in it should be high on the international agenda.

Mr. Miller, a law professor at Emory University, is a visiting scholar at Stanford University, where Mr. Kennedy is a professor of environmental science. They contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Queen Killed

SEOUL — On Tuesday [Oct. 8] the palace was broken into by Korean troops and a band of Japanese Soshi in civilian dress. They entered the Queen's room and killed the Minister of the Household, the Queen and three of her women. The bodies were then taken outside and burned. The Tai-Won-Kun, the King's father, is now Dictator and known to have been in the plot. A pro-Japanese party is now in control. It is believed that the Queen-Dowager was killed and the King will be forced to abdicate.

1920: Firing Line

NEW YORK — Broadway was the scene of a real Wild-West shootout last night [Oct. 12]. While theatre crowds were assembling, Paul Boitano was shot to death by William Stern, a jewelry salesman who claimed that the victim had tried to hold him up.

Stern has a prison record and is consequently being held on a charge of homicide. Several people standing in line in the lobby of the Maxine Elliott Theatre narrowly escaped being hit. One bullet pierced the hat of a man, while another cut off the plume on a woman's hat.

1945: Prison for Sale

PARIS — The French Government, whose interest in American Army and Navy surplus property runs high because of the country's war-ravaged economy, announced yesterday [Oct. 13] that it has some surplus property of its own to sell — a prison. This unusual item found nowhere in the United States official catalogue containing millions of articles, is new and hardly used, according to the official call for buyers of the bizarre. Apparently designed as a hospital prison, it has twenty wards and twelve cells. No bids of less than 250,000 francs (\$5,000) will be received.



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An Annoyed Paris Rejects Call to End Its Nuclear Testing

Compiled by Our Staff From Dispatches

PARIS — The award of the Nobel Peace Prize to a scientist who opposes nuclear weapons will have no effect on "policies we have adopted for reasons of national interest," Prime Minister Alain Juppé of France said Friday.

The scientist, Joseph Rotblat, and the Norwegian Nobel Committee urged France to stop its current series of underground tests in French Polynesia.

In asserting that France would continue testing, Mr. Juppé also took a swipe at Norway, whose foreign minister, Bjorn Tore Godal, said the Nobel award reflected "widespread public disapproval of nuclear weapons."

"I've already said that, in the heart of the European Union, we had a right to expect a bit of solidarity," Mr. Juppé said. "Norway isn't there yet. It's trying to join or will do so tomorrow. I hope the European spirit will make progress by then."

Norway voted not to join the European Union in a referendum last year.

Earlier on Friday, a Foreign Ministry spokesman, Jacques Rummelhardt, said of the prize:

"We congratulate the Nobel Peace Prize laureate. France wants disarmament, including nuclear disarmament, in security. Security will permit disarmament."

But Pierre Lellouche, a member of Parliament and a former strategic affairs adviser to President Jacques Chirac, said he was "perfect-

ly scandalized" by the award and accused the group that Mr. Rotblat heads, the Pugwash Conferences on Science and World Affairs, of being a former tool of Soviet propaganda.

France has held two tests since early September.

Mr. Rotblat, 86, said he hoped the prize was "a message not only to the French but to the Chinese as well." China and France are the only official nuclear powers still testing. There was no reaction Friday from China.

France's La Chaine Info television commented that the impact of the Nobel decision on French diplomacy would hardly have been worse had the environmental group Greenpeace won.

Mr. Lellouche said: "I am personally, and as a specialist in these matters, perfectly scandalized by the fact that an organization that one knows was openly manipulated by the Soviets should be honored in this way at a time when everyone knows the controversy about the French tests."

Washington, which honors a moratorium on nuclear testing, said it saw no connection between the Nobel award and France's testing.

"I don't know how the two relate," said the White House spokesman, Michael McCurry. He added: "The Pugwash conference has a known role in evaluating issues in nuclear disarmament, and obviously the Nobel Peace Prize winners are to be congratulated."

(Reuters, AFP)

NOBEL: Message on Nuclear Tests

Continued from Page 1

of mass destruction he could no longer support the development of a nuclear arsenal.

Mr. Rotblat said he had moral reservations about working on the atomic bomb, but that he had put them aside, convinced that beating Hitler to building one was critical to the survival of civilization. Mr. Rotblat later wrote about how he started to become disillusioned with the program in March 1944 when its director, General Leslie Groves, told him that the real purpose of the bomb would be to counter the Soviet Union.

By the end of 1944, Mr. Rotblat said, he no longer believed Hitler would be able to build an atomic bomb. He resigned from the Manhattan Project — the only scientist to do so — and went to England, but only after he was accused, briefly, of being a spy and ordered not to discuss his reasons for leaving with anyone. After the war, Mr. Rotblat became a British subject and gave up his groundbreaking work in nuclear physics to work on applying physics to medical research. In 1955, he was one of 11 prominent scientists from around the world to sign a manifesto drawn up by Bertrand Russell with the support of Albert Einstein warning that humanity's survival was at risk from nuclear weapons.

Out of the Russell-Einstein manifesto grew a series of annual conferences among scientists and scholars from around the world, including some from the Soviet Union, about the risks of a nuclear war. The first conference was held in the village of Pugwash in Nova Scotia in 1957.

Mr. Rotblat, the last surviving member of the group that signed the manifesto, is president of the Pugwash organization, which is based in London, and has been the primary force behind it for decades. During the Cold War, the group's meetings were intended to bring prominent figures from both sides into informal contact and encourage prominent scientists to take home to their governments a message of opposition to the arms race.

In its statement announcing the award, the Norwegian Nobel Committee said the Peace Prize had been granted to Mr. Rotblat and the Pugwash group "for their efforts to diminish the part played by nuclear arms in international politics and in the long run to eliminate such arms."

Mr. Rotblat said he would use the \$1 million prize money, to be split evenly between him and the organization, to better finance Pugwash's activities and to allow it to move from its tiny, cramped office across from the British Museum.

KOREA: Defector From North Calls Kim 'Violent and Unpredictable'

Continued from Page 1

South Korean authorities until Wednesday.

At a news conference, Colonel Choi described the internal strife in Pyongyang's corridors of power.

"High-ranking military officers put on an appearance of loyalty to Kim, but many question his leadership qualities," he said. He also confirmed reports that a group of generals plotted a coup in 1992 but were caught before they could carry out their plan. All involved were executed, he said.

Colonel Choi said that Mr. Kim was unstable.

"He is hysterical, cruel and violent and unpredictable," he said.

He warned that the North Korean leader might provoke a war against the South as a last resort amid deepening economic problems and food shortages.

Colonel Choi said there was widespread public discontent over food shortages and the government's failure to revive a failing economy.

"The situation is getting so bad that many people and soldiers want an outright war with the South just to see how it would change their miserable lives," he said.

He said that if war broke out, North Korea would strike American troops stationed in South Korea in the hope of sparking an anti-war backlash in the United States.

"North Korean military leaders believe that if attacks are first focused on the 40,000 U.S. troops and several thousand U.S. soldiers are killed or injured, there will be anti-war demonstrations by U.S. citizens," he said.

Colonel Choi said North Korea had 1.2

million troops, some 150,000 more than earlier estimates.

About 37,000 U.S. troops are stationed in South Korea to bolster 655,000 South Korean soldiers.

The colonel said the North successfully test-fired a Scud-based Rodong missile in 1993 with a range of 1,000 kilometers (600 miles), capable of reaching all of South Korea and western Japan.

But Colonel Choi said he expected the Communist North to collapse within five years because of economic problems.

"The severe economic problems will force North Korea to open its doors to the outside world, which will inevitably disintegrate the country," he said.

He said he was sure that his wife, Cho Hyun Sil, and three children, whom he left behind, would be sent to concentration camps.

(AFP, AP, Reuters)

CARTOONS: Media Giants Embrace Animation to Win Global Audiences

Continued from Page 1

"morphed" monsters, an encouraging proportion of the recent crop of animated heroes and heroines are refreshingly less than super. Producers are sifting through the vaults of comic books and old films searching for proven cartoon stars.

Felix the Cat, Little Lulu, and Jonny Quest are among those summoned from animation's golden age for return engagements — albeit with a 1990s twist.

Little Lulu, the Home Box Office series produced by the Canadian company Cinar Films, steps up to the microphone as a

stand-up comedian, with the voice of Tracey Ullman, the wisecracking talk show host.

The new Jonny Quest series, produced by Hanna-Barbera as Turner Broadcasting's most expensive animated venture to date, draws on studios in Japan, France and the United States.

Another trend has been "reversioning," in which successful nonanimated films, such as "The Mask" and "Highlander," are turned into cartoons, Mr. Stuart said. The method is a highly profitable way of getting more life out of the original concept, he said.

Despite the latest cartoon boom, broadcasters and producers say they are concerned that children are abandoning the medium at an earlier age.

"Preschool audiences stay loyal until age 5," said Teresa Plummer-Andrews, head of children's acquisitions for BBC Worldwide Television. "But by the time they reach 8 or 9, they are watching everything from soap operas to dramas."

The age window varies from country to country, but once an adolescent youths abandon cartoons altogether — until they resume watching with their own children.

GENERAL: Joins Race in Russia

Continued from Page 1

somebody says that's our fair share of the people's wealth."

He says he would reverse "unfair" privatization by forcing those who profited "illegally" to give the money back or lose their mansions and businesses. He does not say how he will distinguish honest entrepreneurs from the opportunists.

"It's hard, but it can be done," he said. "When I am elected, we'll talk."

General Lebed harbors a deep mistrust of NATO and the West, but he relishes the comparisons to General Powell.

"We are both patriots and professionals," he said. "We understand what war really means."

They met when the former chairman of the Joint Chiefs of Staff visited General Lebed's paratrooper division in Tula in 1991.

Like the American, General Lebed has written a well-timed autobiography, "Pity for the Power," which is scheduled to appear this month.

But his record and public statements suggest that he has less in common with the moderate and tactful General Powell than with General George S. Patton — with a touch of General Augusto Pinochet thrown in. He got into trouble for speaking too admiringly of the Chilean dictator and lately has taken to placing himself more in the tradition of another general-turned-politician — Charles de Gaulle.

A metalworker's son, General Lebed was born and raised in the industrial city of Novocherkassk before he became a paratrooper who rose to the rank of deputy commander of the Soviet airborne forces. General Lebed became famous in Russia in 1992 when he was assigned to lead Russia's 14th Army in the Trans-Dniester region of the newly independent Moldova.

There he imposed order and brokered a peace agreement between warring ethnic Russian separatists and the new government.

Admired by his troops, he became both a symbol of military can-do in a depleted and

disheartened army and a champion of ethnic Russians marooned across the former empire by the collapse of the Soviet Union.

His slashing criticism of the war in Chechnya and what he called the "degradation" of the armed forces became a major problem to the defense minister, General Pavel S. Grachev, and eventually to President Boris N. Yeltsin.

General Lebed finally was forced to resign last July. When he left Moldova, 500 women lay on the airport runway to prevent his successor from landing.

General Lebed says life under the new democratic rule is far worse than in Soviet times.

"There was stability," he said. "A 120-ruble pension was enough for a more-or-less decent life. You could study for free. You could get free medical assistance, not the best, but decent. You could get a cheap vacation. Eighty percent of the population relied on those natural privileges."

To many Russians, he has moral authority. He was an honest officer in an army commanded by corrupt men. He does not own a dacha or a limousine and he even gave up drinking.

"There should be at least one man in Russia who is sober," he says. He holds hands in public with his wife, Inna, a former schoolteacher.

His nationalist rhetoric is pungent, but his views are more sensible than the bizarre threats of Vladimir V. Zhirinovskiy, the extreme nationalist whose party swept the 1993 parliamentary elections. General Lebed says he is no longer a Communist, but unlike other former party members who have wrapped themselves in the patriotism of the Russian Orthodox Church, he says he remains an atheist.

General Lebed says he is different from the many other officers who harbor political ambitions.

"I tried to change something from the bottom," he says, referring to his efforts to reform the military from within. "But I learned it was a waste of time. To achieve anything, you have to act from the top."

BOSNIA: Despite Truce, Shelling

Continued from Page 1

signed by both sides to create ethnically pure territory, one of the main objectives of the three-and-a-half-year war.

The truce, brokered by Assistant Secretary of State Richard C. Holbrooke, was scheduled to last 60 days, and the warring factions are scheduled to hold peace talks in the United States at the end of the month. They would conclude any peace accord at an international peace conference in Paris.

Once a final agreement is reached, a multinational force of some 60,000 troops, including up to 25,000 Americans, will be deployed in Bosnia for 12 months.

Mr. Holbrooke said Thursday in Washington that cease-

fire violations would not disrupt peace talks, but could prompt NATO air strikes.

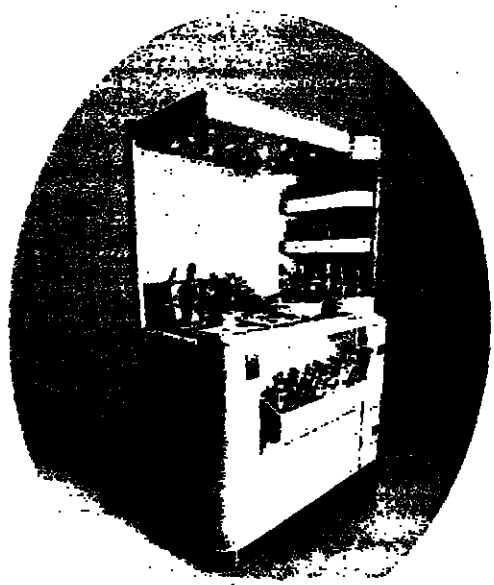
Despite the fighting in northern Bosnia, the mood in Sarajevo remained upbeat.

"So far so good," said the Bosnian prime minister, Haris Silajdzic. "It won't be a clear-cut situation. It never is. It is not easy to stop the war machine, but I think it will go well."

Saudis Behead 3 Smugglers

Reuters

DUBAI — Three Pakistani men were beheaded in Saudi Arabia on Friday for smuggling heroin into the kingdom, bringing the number of people executed so far this year to 187.



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EUROPE

From Russia to North Africa, Europe Sees New Threats

Agence France-Presse
MADRID — The possibility of mass migration from Algeria or the disruption of energy supplies from the former Soviet Union represent major new threats to European security, according to a document to be adopted Tuesday by 27 European states here.

Biological or chemical weapons technology falling into the hands of terrorists, the possibility of former Soviet scientists promoting nuclear proliferation and the growing risk of environmental disasters on the Chernobyl scale are also seen as risks that need to be addressed now that the end of the Cold War has made "mas-

sive military confrontation a remote prospect," it said.

The document, a copy of which was obtained by AFP, is to be approved by foreign and defense ministers from the 10 member states of the Western European Union and 17 other countries that have various links to the organization.

The document makes no explicit reference to the civil war in Algeria, but concern that a seizure of power by Islamic fundamentalists could promote a mass exodus toward France, Italy and Spain is a barely disguised theme running through the 39-page paper.

"Increased instability and the weakness of democratic institutions in parts of North Africa are today sources of great concern for Europe as a whole," one section notes.

It goes on to say that "the nature of the security risk is mainly connected with the challenge represented by extremist movements, the asymmetry between Europe and North Africa in economic wealth and in population growth."

Other sections note that problems associated with uncontrolled or illegal migration have become "an issue relevant to European security." The document identifies the Mediterranean

basin as an area of strategic importance for Europe, meriting particular attention from the WEU.

Algeria is one of six Mediterranean states with which the organization has begun a security dialogue. The development of the WEU's limited capacity to intervene in crises also points to a potential role for it in the event of an explosion in Algeria.

The WEU is currently developing a capacity to evacuate civilians from crisis zones and the most important military forces made available to it, Euroforce and Euromarforce, are designed to respond to a Mediterranean crisis.

From permanent headquarters in Florence, Euroforce is able to rapidly assemble 10,000 troops from France, Italy, Portugal and Spain. Euromarforce is a naval sister force.

On Russia, the document states bluntly that "Russian energy supplies are critical for Europe."

It also highlights the vulnerability of gas and oil supplies conveyed to Europe by pipelines "through areas of uncertain stability."

In response to these new threats, the document points the way to a continuing reinforcement of the WEU's military capacity to carry out peacekeeping and humanitarian missions.

BRIEFLY EUROPE

EU and Morocco Sign Fish Pact

BRUSSELS — The European Union and Morocco initiated a new four-year fisheries agreement on Monday that will allow mainly Spanish fishing vessels to return to Moroccan fishing grounds, a European Commission spokesman said.

On Saturday, the Union and Morocco concluded a trade and cooperation agreement allowing the fisheries deal to be tied up after a political compromise struck on Oct. 13.

The EU will now reduce fishing in Moroccan waters and will land part of its catch in Moroccan ports. (Reuters)

Trade Compensation Weighed

BRUSSELS — European Union officials, facing a year-end deadline, are pushing ahead with an accord to compensate the bloc's trading partners for the accession of Finland, Austria and Sweden last January, trade sources on Monday.

The European Commission, reusing its tactics at the end of the Uruguay Round of the General Agreement on Tariffs and Trade, is focusing on the United States initially, since Washington can retaliate with sanctions if unsatisfied.

Most aspects of the U.S. compensation plan, which is being used as a blueprint for concessions to be offered in Geneva to the European Union's other trading partners, have been effectively tied up. But agriculture, although only a small part of the package, is proving to be problematic. (Reuters)

Yeltsin Increases His Workload

MOSCOW — President Boris N. Yeltsin held several official meetings and phone conversations on Monday, significantly increasing his workload as he recuperates from a heart ailment in the hospital, officials said.

Mr. Yeltsin's working time has been "considerably expanded" and now nearly corresponds to the daily routine he maintains when working in the Kremlin, said the president's spokesman, Sergei Medvedev. (AP)

Spanish Pullout on Eurofighter?

MADRID — The Spanish Defense Ministry said Monday that it had no comment on a report that Spain planned to pull out of the costly four-nation Eurofighter project.

Citing unidentified defense sources, El Mundo said Sunday that Spain planned to quit the Eurofighter project as soon as Germany takes the first step in questioning the program's viability. Representatives of the four nations are expected to meet Thursday in Rome to discuss the project. (AP)

Calendar

European Union events scheduled for Tuesday:
STRASBOURG: Weekly meeting of the European Commission.

BRUSSELS: Meeting of study group charged with preparing the intergovernmental conference of the 15 EU member states in 1996 on the reform of European institutions.

STRASBOURG: Jacques Santer, president of the European Commission, meets with the UN Secretary-General Boutros Boutros Ghali.

LONDON: Edith Cresson, commissioner in charge of research and development, meets with the British education minister, Eric Forth, and the science minister, Ian Taylor.

Sources: Agence Europe, AFP

Paris Reacts Coolly to Dane Seeking NATO Post

By Craig R. Whitney
 New York Times Service

PARIS — The former foreign minister of Denmark asked France on Monday to support him for the post of NATO secretary-general, but French officials said he got no encouragement.

Diplomats said it was virtually certain that President Jacques Chirac would veto the Danish candidate, Uffe Ellemann-Jensen, despite entreaties from the United States and the three Nordic countries that support him — Denmark, Norway, and Iceland.

Mr. Ellemann-Jensen got a cool re-

ception Monday afternoon from Foreign Minister Hervé de Charette, three days after Mr. Chirac's favorite candidate for the NATO job, former Prime Minister Ruud Lubbers of the Netherlands, withdrew his candidacy because of Clinton administration opposition.

The post has been vacant since Willy Claes of Belgium resigned Oct. 20 to face an investigation into a Belgian arms procurement scandal.

"I saw Mr. Lubbers at his request. I also saw Mr. Ellemann-Jensen at his request," Mr. de Charette said Monday evening.

Mr. de Charette's main aim, diplomats said, was to see how well Mr.

Ellemann-Jensen spoke French.

Not well enough, apparently. French officials say that Mr. Chirac wants a NATO secretary-general who can restore French fully to its status as one of the alliance's two official languages, which it has retained despite France's withdrawal from the North Atlantic Treaty Organization's military command structure in 1966.

NATO governments would begin rethinking the issue of the NATO succession, Mr. de Charette said, in effect ruling out Mr. Ellemann-Jensen, but the process would take some time.

One official said that as Danish foreign minister in 1992 and 1993, Mr.

Ellemann-Jensen had been so strongly critical of Greece's actions in imposing a trade embargo on the former Yugoslav republic of Macedonia that Greece, too, probably would be unwilling to accept him in NATO's top civilian post.

Foreign Minister Klaus Kinkel of Germany and Mr. de Charette said Monday night after a meeting on other matters here that they had discussed the NATO succession but decided not to make their thoughts public. They and most of the other European allies will gather in Madrid on Tuesday for a meeting of the military arm of the European Union.

Judges Halt Berlin Wall Deaths Trial

Reuters

BERLIN — A Berlin court on Monday postponed the trial of East Germany's last hard-line Communist leader, Egon Krenz, for the deaths of citizens fleeing over the Berlin Wall after his lawyer objected that the trial judges were biased.

Mr. Krenz's lawyer asserted that three of the five judges had effectively prejudged the case by agreeing last week to upgrade the charges against Mr. Krenz and five other former members of the Communist Party Politburo.

The judges decided to postpone the trial for a week to allow the objection to be examined.

The six men face a total of 47 charges of manslaughter and 24 charges of attempted manslaughter.

"The defendant is convinced that the judges have already made a final judgment, to his detriment," Mr. Krenz's lawyer, Robert Unger, told the court in a written submission.

The lawyer for another of the defendants, Günter Schabowski, the Politburo spokesman, lodged a similar appeal that targeted the presiding judge.

The others on trial are Kurt Hager, Horst Dohus, Günther Kleiber and Erich Mückeberger.

Party Backs Kinkel as Wave of Criticism Mounts

Reuters

BONN — Foreign Minister Klaus Kinkel was under fire from all but his closest allies on Monday as commentators, academics and diplomats joined a chorus criticizing his handling of an aborted conference on Islam.

Mr. Kinkel's Free Democratic Party, which split last Friday when Parliament voted to withdraw an invitation he had given to Foreign Minister Ali Akbar Velayati of Iran, finally lined up behind him at a leadership meeting in Stuttgart.

But experts on the Muslim world, which Mr. Kinkel wanted to woo with the conference that he abruptly postponed after the surprise parliamentary res-

olution against him, said the minister's diplomatic initiative had backfired badly.

"We have slapped the moderate Islamic states in the face," said Gernot Rotter, a Hamburg University orientalist.

"They must think we have made Velayati into an Islamic pope," he said.

The Frankfurter Allgemeine Zeitung wrote: "In his stubbornness, Kinkel has opted for the worst of all possible solutions. One can't blame the opposition for urging him to resign."

Mr. Kinkel defied calls for his resignation over the weekend after deputies from both opposition and government ranks joined to hand Chancellor Helmut Kohl's

coalition its first defeat in this legislative period.

The deputies were outraged by a remark of the Iranian president, Ali Akbar Hashemi Rafsanjani, that the murder of Prime Minister Yitzhak Rabin was "divine revenge" for the killing last month of the Islamic Jihad leader, Fathi Shogqi, in Malta.

It was a direct slap at Mr. Kinkel, whose policy is to pursue a "critical dialogue" with Iran and who had defended Mr. Velayati's presence at the conference.

Stung by the vote, Mr. Kinkel postponed the conference, which ministers from Bosnia, Turkey, Egypt, Tunisia, Morocco and Pakistan

had also been set to attend this week. That drew fresh fire from opposition deputies, who said Mr. Kinkel had missed the point.

Mr. Rotter said Mr. Kinkel should not let Iran upset the dialogue Bonn seeks with other Islamic countries to avoid potentially dangerous resentments and misunderstandings developing between Christian Europe and Muslims.

"It is very important to talk with liberal and moderate forces in the Islamic world," he told German radio. "The dialogue with Iran is being conducted by businessmen anyway."

The Bonn ambassador of a prominent Islamic country said a real dialogue could only take

place if the hosts invited provocative figures like Iranian and the Sudanese fundamentalist leader Hassan Turabi, as well as conservative U.S. congressmen who warn about a new "Islamic menace."

"If you just invite the moderates on both sides, everybody will end up saying, 'You're not so bad and we're not so bad either,'" said the envoy.

"The dialogue has to be serious," he said. "This may not be the time to do this at the political level."

The Free Democrats, whose honorary chairman, Otto Lambsdorff, voted with the opposition Friday, backed Mr. Kinkel Monday and said it saw no alternative to his foreign policy.

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ART

When Picasso Painted Children

By Michael Lawton

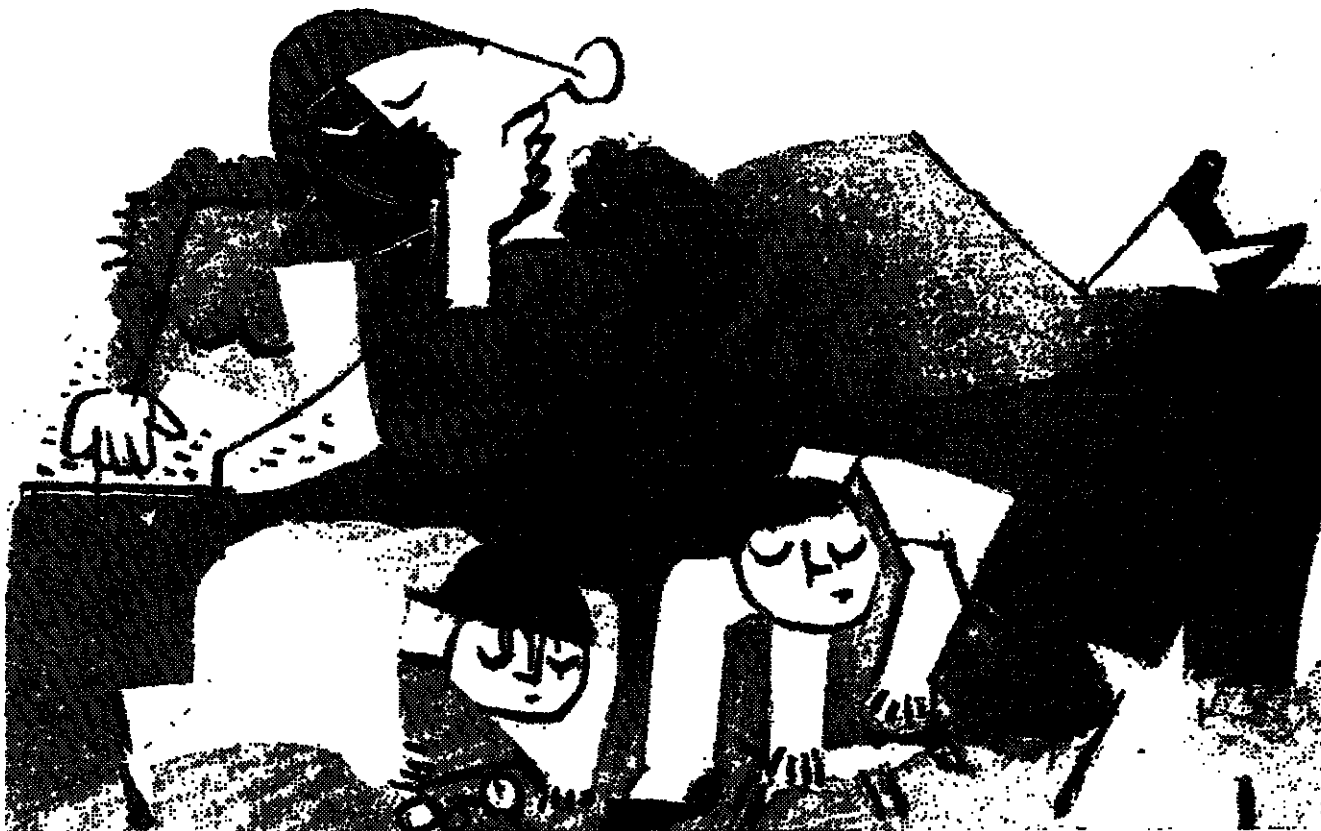
DUSSELDORF — Picasso learned much from his children: as he got older, his drawings became more and more like theirs; he once told Henry Read at an exhibition of children's drawings: "When I was as old as these children, I could draw like Raphael. It's taken me many years to learn how to draw like these children."

Picasso had been virtually forced by his parents to go to art school, and the earliest piece in the exhibition "Picasso's World of Children," which consists of nearly 200 paintings, drawings and other works, is an 1895 drawing of a classical relief with lots of slightly bad-tempered cherubs. It is a masterly achievement for a 14-year-old, with perfect understanding of perspective, so that the figures almost jump out at you. But it's certainly more Raphael than Picasso.

At the other end of his career, in one of the most recent pictures, "Painter and Child" of 1969, he returns to the image of the child as cherub, with a mischievous little cupid-like figure snatching a brush from the old painter's palette and holding it up as if it were one of love's arrows. In between, the child has taken on many forms, but over the 76 years between the two works, Picasso has learned to let the child trick the artist into seeing the world with his eyes. According to Werner Spies, the Picasso expert who wrote a book on the subject in 1994, and who has realized this "show of the book," there are thousands of works by Picasso that deal with childhood. Only in two periods do children almost disappear from his work. In one case, the reason is fairly clear — how do you identify a child in a Cubist painting? One attempt shown here, "Girl with Hoop" of 1919, is fairly mild Cubism, but still needs the prop and the title to let us know she's not a woman.

In addition, Cubism was a break with the sentimentality of the works of the blue and pink periods. In those wistful, melancholy pictures of the poor and the marginal, the child had often featured as an emblem of the security of the family and the flighty world of circus artists to which the family belonged. Cubism had to be harder.

Picasso also avoided painting children at the end of the '20s, when his work became monstrous and Surrealistic. Perhaps the confrontation with his own first child, Paulo, born in 1921, made him feel some inhibitions about subjecting the figure of the child to the extreme distortion of



Two views of children by Picasso: a 1953 painting of reading and games, and a 1924 view of his son Paulo.

his works of that period. Even in the work of other periods where distortion is typical, the children are largely spared.

With the portraits of Paulo, Picasso began to deal with the child as individual. But it seems not to have been easy for him. After Paulo's birth in 1921, there are a number of large-scale pictures of mother and child: the bodies are fleshy and sensuous, but the faces are surprisingly cool and are not those of Paulo and his mother Olga Koklova. Once he dares to approach the subject, his portraits of Paulo are awkward; they bring together the rigid bourgeois world into which Olga had dragged the somewhat resistant Picasso, and the exaggerated expectations Picasso forced onto his firstborn — just as his own father had done to him. The portraits are formal, as if they were those of a prince due to inherit his father's crown. Paulo is always alone, often posed, a bit sad, a very adult two- or three-year-old.

PAULO disappears when he's four. When Picasso returns to the child in 1934, it is in a substantial series of paintings, in which a young girl leads a blinded artist-mimotaur, bringing a new innocence to the dulled vision of the "aged" painter. The works were prophetic. With his next child, Maya, everything was different. Olga and Paulo had been abandoned, and Maya, born in 1935, was the daughter of Picasso's model Marie-Thérèse Walter. Affectionately, he made realistic drawings of her as a baby, as other parents take snapshots. But his oil paintings of Maya mark a liberation, and co-exist with very different works with which he is concerned at the time. In the '30s, the decade of fascism, mothers with dead children appear in response to the Spanish Civil War, most notably in "Guernica." Meanwhile, his portraits of



Maya are full of a childlike pleasure. The child is seen from a child's viewpoint, with bright primary colors, clear outlines and a healthy disregard for proportions.

Then, in 1947 and 1949, come Claude and Paloma, the children of Françoise Gilot. Again and again, Picasso paints their pleasure at the world about them: they play with toys, Paloma explores the world of tadpoles, Claude leads his wooden horse. It's a picture of happy and secure family life — from which Picasso himself is absent.

Picasso was always absent from his family portraits. The nearest he comes to depicting himself is as a doll in the arms of

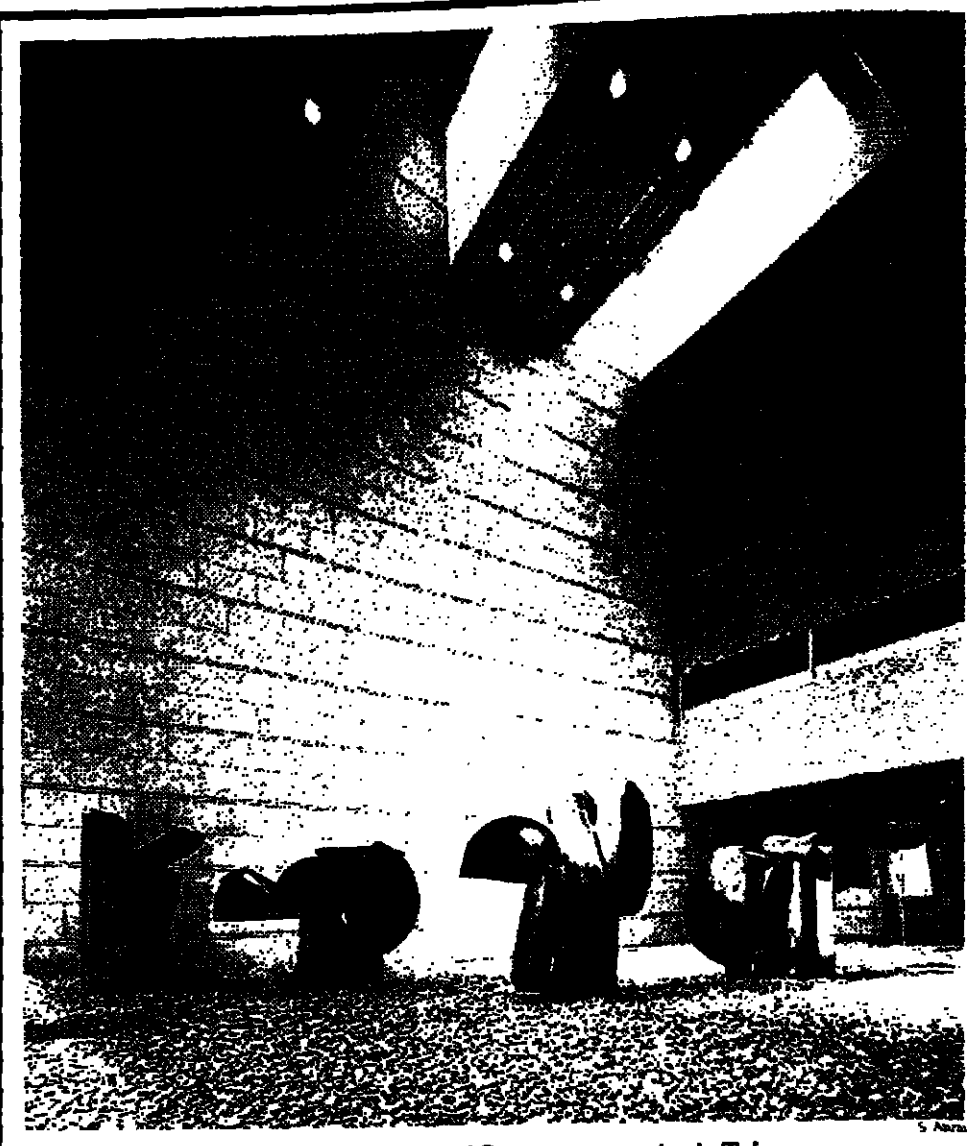
Maya. In fact, he was an unreliable father, but he was not absent; he was, say his three younger children, a father with whom one could have a lot of fun. He dressed up for them, he made them toys and played with them. But they had better not dare to grow up. Picasso didn't paint his own children once they reached puberty, as if he were shy of the confrontation with their growing sexuality, and they disappeared from his life when they or their mothers crossed him. After he broke with them, the children were never allowed to see him again.

There are children in Picasso's late paintings, but they are once more symbolic — cherubs and cupids who have little func-

tion of their own, but complement a Venus or provide an allegorical contrast with the artist's old age.

"Picasso's Welt der Kinder" is at the Kunstsammlung Nordrhein-Westfalen in Düsseldorf until Dec. 3, and at the Staatsgalerie in Stuttgart Dec. 16-March 10.

Michael Lawton is a freelance writer based in Germany.



Anthony Caro sculptures in Museum of Contemporary Art in Tokyo.

Tokyo Museum Debate
Modern Facility Disappoints Critics

By Carol Lutfy

TOKYO — Its building is grand enough to take on any contemporary art museum in the world. Its lobby alone dwarfs most museums in Tokyo. Its library surpasses that of the Whitney Museum of Art. And its curatorial staff, at 19, outnumbers those of New York's Museum of Modern Art and Guggenheim Museum together.

But the Museum of Contemporary Art in Tokyo has met with little but grief since it opened its doors in March. Costing more than \$450 million and eight years in the making, the museum, which was meant to usher in a new level of art professionalism, seems to have failed to live up to expectations.

Despite the lessons offered by Japan's art buying and museum building boom in the late 1980s and early 1990s, the museum seems to have repeated many familiar mistakes. Paintings have been bought for conspicuously high prices; the building is more a monument to the architect than to the art it houses; and exhibitions have an art-by-committee flavor.

"The museum lacks a vision," says Kazuo Abe, an independent art curator. "In many ways, it has reverted to the pre-art boom era. They've settled into comfortable mediocrity. No one is taking any risks."

In theory, the Museum of Contemporary Art, Tokyo, also known as MOT, was the answer to many prayers. Run under the auspices of the Tokyo Metropolitan Board of Education, it is the country's first museum devoted to Japanese art since 1945. It houses a permanent collection of 3,500 works, including modern masterpieces that have been underexposed because there was no venue to exhibit them. These include seminal works by artists like Yūhisa Isobe, Mokumei Kikuhara and Kishio Suga.

For sheer scale and state-of-the-art facilities, the museum is awesome, with six-meter-high ceilings in some galleries, elaborate rock gardens, courtyards and fountains outside, and a monumental granite, glass and perforated metal architectural design by TAK Associated Architects, Inc.

With 7,500 square meters (80,000 square

feet), MOT has more exhibition space than any other museum in Japan. It houses an information center with computer facilities, a video theater and a library of 65,000 volumes, including the largest collection of reference materials on modern and contemporary Japanese art in the world.

Still, the museum's design has been criticized as "unfriendly." Artists and curators complain that the galleries are cavernous and that the abundant use of glass limits installation possibilities.

The museum's location is also a drawback. It was conceived by government officials as part of an effort to revitalize the city's eastern fringe. But at about an hour from the city center, including a 15-minute walk from the nearest train station, it is too much of a trek to entice any but the most loyal art lovers.

QUESTIONS have also been raised about the vision of the curatorial staff and the efficacy of its group-oriented approach. It is highly unusual, for example, that 18 curators worked on "Contemporary Japanese Art 1985-1995," the opening exhibition of 18 Japanese artists. What's worse, the show — three years in the making and costing \$800,000 — was ill-conceived and dull. "It was like 18 one-person shows," says Emiko Kasahara, one of the participating artists.

The museum has since mounted a survey on the sculpture of Anthony Caro set in an installation designed by the Pritzker Prize-winning architect Tadao Ando. Through Dec. 10, it will feature "Revolution in Contemporary Art: The Art of the Sixties," an exhibition that explores how the values of the 1960s laid the foundation for today's art. Both shows have been criticized as conservative and safe.

In the face of such charges, a curator at the museum, Yasuyoshi Saito, defends MOT's initial stumbling as growing pains. "It has nothing to do with conservatism," he says. "Compared with Europe and the U.S., the Japanese art world is still young."

Carol Lutfy writes frequently about art and architecture.

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MINIATURE. Expert: M.O. Boré. Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel. (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Wednesday, October 25, 1995

Room 7 at 2:15 p.m. ANTIQUE AND MODERN PRINTS. Expert: Miss D. Rousseau and Miss S. Collignon. Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel. (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Thursday, October 26, 1995

Room 10 at 2:15 p.m. JEWELRY - SILVER. Experts: Mrs. Ch. Beauvois. Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel. (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Friday, October 27, 1995

Room 1 at 2:15 p.m. 19th, 20th PAINTINGS AND DRAWINGS, 116 WASHDRAWINGS by H.J. HARPIGNIES. Experts: Mrs. M.A. Prat, MM. A. Pacitti and A. de Louvencourt. M.F. Baillie. Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel. (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

THE HISTORY OF
DANISH DREAMS:
Or, Notions of the
Twentieth Century

By Peter Hoeg. Translated from the Danish by Barbara Harland. 356 pages. \$24. Farrar Straus Giroux.

By Robert Irwin

PETER HOEG'S "The History of Danish Dreams" is a novel in the international weird genre — or magical realism, as that sort of thing is better known. Hoeg's first novel to have been published in English, in 1993, was "Smilla's Sense of Snow." This was a splendidly unusual, if rather chilly, thriller, which richly deserved the best-seller status it achieved. The following year saw the publication of the English version of "Borderlines," a rather austere parable about the attempt of a trio of emotionally borderline children to escape from the sinister educational institution in which they are trapped. "The History of Danish Dreams," the most recent of Hoeg's fictions

to appear in the United States, is actually his first book. (It was published in Denmark in 1988.)

Hoeg's novel is a kind of multi-generation dynastic saga that traces the history of Denmark by chronicling the absurd adventures of successive generations of eccentric and obsessive. It is an exuberant, free-wheeling fantasy that, despite faint precedents provided by the fairy tales of Hans Christian Andersen and the Gothic short stories of Isak Dinesen, really owes much less to any Danish precursors than it does to models provided by internationally renowned magical realist writers such as Gabriel Garcia Marquez, Isabel Allende and Günter Grass.

When, for example, the strange visionary girl, Anna Bak, leads the inhabitants of a remote, God-possessed, Danish village on a pilgrimage to the coast, it is hard not to think of a similar pilgrimage led by a Muslim Indian girl in Salman Rushdie's novel "The Satanic Verses." Then again, the criminal Ramses Jensen's romance

with a circus acrobat working under the name of Princess made me think of the romance between the trapeze artists Fevvers and the picaresque hero Walter in Angela Carter's "Nights at the Circus." Hoeg's satiric approach to his homeland is similar to the approaches of Garcia Marquez and Rushdie to theirs. Like them he tells of impossible events but does so in a poker-faced manner.

Hoeg has invented a Denmark that is brightly colored and excitable. He reports on a count who sought to stop time by stopping all the clocks on his estate, an old lady whose newspaper successfully predicted local events by actually causing them to happen, a girl who possesses a mystic ability to be in two places at once (very useful for sex this), and so on.

You could describe the whole thing as "unrealistic invention," but then again a better adverb might be "tiresomely." The pace is fairly relentless, as if the author were afraid of boring his reader, so that plots and props are eaten up at a terrible speed, but paradoxically the more airships, master-criminals, Nazis, clowns, prostitutes, dwarves, lunatics, scientific inventions, scandals and literary jokes are brought in to the straggling saga, the more boring it becomes. If anything goes, then nothing seems to matter. I found myself caring as little for

the count who failed to stop time as I did for the workmen he had beheaded. The count, the workmen and the other failures, suicides, bankrupts and refugees that people the novel's pages are victim of nothing other than the arbitrary whims of their creator — and Hoeg is a cruel god.

It is possible that the lack of logic in the book is intended to mirror the logic of storytelling in a dream, which is not strictly logical at all, for when dreams seek to tell a story they tell it in a panicky sort of way, piling on one improbable detail after another. However, at several points in "The History of Danish Dreams" Hoeg indicates that he is thinking of dreams in a different sense — that is, in the sense of hopes and aspirations. So his "History" may not be intended as some sort of Freudian fantasy produced by the communal subconscious of a sleeping Denmark, but rather as a fiercely satiric account of its bourgeois ambitions and pretensions. In the end, I was not sure what sense of dream was intended. Neither was I sure what Hoeg hoped the reader would feel on closing this novel, apart from that is for admiration at the author's inventiveness.

Robert Irwin's most recent nonfiction book is "The Arabian Nights: A Companion." He wrote this for The Washington Post.

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Treasure Hunt in Unknown German Art

LONDON — There is nothing like novelty in the art market, as in other walks of life, to get your audience alert and ready to pounce. On Wednesday Christie's scored in one of the few areas that buyers on the lookout for avant-garde painting of 19th- and early 20th-century art had left unexplored: Germany.

As the £7.5 million (about \$11.5 million) sale came to an end, others may

SOUREN MELIKIAN

have been wondering why the idea did not occur to them first. At times the discoveries gave this auction the appearance of a show on the theme "the unknown facets of German art."

It would seem impossible to have anything new to say on the subject of the leading figure of the Neo-Classical movement in Germany, Karl Friedrich Schinkel, after the exhaustive exhibition held at the Victoria and Albert Museum in 1991. But Christie's did. Out of the blue came 25 drawings that had remained with descendants of the architect and had never been published.

The first lot in the sale was an astonishing elevation of a Gothic cathedral done in pen and black ink. Recreating the medieval cathedral became an obsession with Schinkel from about 1810, as Georg Riemann noted in the 1991 catalogue. What made the drawing unlike any published piece was the brisk sketch in pen and wash of foliage in the foreground, which partly conceals the precise and unreal linear structure behind a mist of pale green. With its poetic surrealist touch, it shot up to \$95,000, setting the current record for a Schinkel drawing.

Such a small triumph was by no means a foregone conclusion.

BUT a total surprise can be counterproductive, as demonstrated when a group of three paintings that could be called the most extraordinary discovery in the sale came up much later. No one seems to remember much about Alfred Hermann Heiberg, and the stunning landscapes that he produced after discovering Paris, Van Gogh and Fauve Art in 1905 at the age of 34.

His biography has yet to be written. According to family sources, he had a prolonged stay in France and was at one point married to a French woman. The circumstances of his return to Germany are not documented. Nothing seems to be known about the transition from his early landscapes in the manner of Gustav Schönlender, under whom he had studied in Karlsruhe, to the avant-garde landscapes he was doing between 1912 and 1914, as Christie's sale and catalogue have just revealed.

His end was tragic. The Nazi regime banned his works from public display in 1937. He was able to paint, but not to sell. His Jewish wife is believed to have died in a concentration camp in 1945. In January 1946, the 75-year-old painter, who had remained in Berlin to the last, surrounded by the ruins of his life and of the artistic capital that he loved, committed suicide.

In a last reflex, Heiberg bequeathed his paintings to Charlottenburg, where he had



Above: Alexej von Jawlensky's "Mystical Head"; right: Emil Nolde's "Young Jewish Woman."

his studio on the eve of World War I. The city turned these over to Berlin.

When asked if they knew anything about their whereabouts, Christie's experts in German 20th-century art said that they had no inkling. Nor could they cite a museum that displayed the work of Heiberg. At the sale, the people in attendance stared blankly at three landscapes. Not even the wonderful "Spitzberg I," which was done during a trip to Norway and modestly estimated to be worth £8,000 to £12,000, succeeded in eliciting a response. Surprise acts as a powerful booster, subject to one condition — rarity must not reach the point of oblivion.

It worked to the full as Emil Nolde's "Sea and Evening Clouds," painted in 1936, came up. Closely similar to "High Waves," now in the Städtisches Museum in Flensburg. This masterpiece was known to most viewers only through the catalogue raisonné of Nolde's oeuvre. Its sudden appearance had an electrifying effect. At £837,500, the landscape set a world record



for the artist. There was a second amazing Nolde. The portrait of a "Young Jewish Woman," painted in 1918, combines the Fauve legacy of intense colors as absorbed through "Die Brücke" and the schematic simplification of German Expressionism in the handling of the profile. Recast by Nolde in his northern hideout on the seashore, the result is one of the most striking portraits of the first quarter of the 20th century.

The price to which it rose, £597,500,

seems huge given its size (18 1/8 by 14 1/4 inches, 46.3 by 36.2 centimeters), as the market for Nolde now stands. Yet, compared with any work by one of the recognized masters of Impressionism or Modern Art, this is very little for a masterpiece that will hang some day in one or the other of the great museums of Western art.

In that same year, 1918, Alexej von Jawlensky did a portrait that is equally astonishing within his oeuvre. The highly stylized oval head has a sculptural feel that it may owe to the distant influence of African wooden masks absorbed through the intermediary of French Cubism.

This is a far cry from the production of the 1920s, when sailing boats also look like human faces. "Mystical Head: Ascona Head," as it is called, went up to £188,500, exceeding the high estimate by half. This too is a masterpiece due to end up in a museum, and one that is cheap if measured by the standards of, say, Impressionist portrait painting.

LAST but not least, it would hardly be surprising if the pastel painted by August Macke in 1914, the year he fell on the front facing the French forces in World War I, should also find its way into some great institution. Curiously reminiscent in its composition of Cézanne's watercolors of the 1890s that heralded Cubism, it is otherwise utterly different in its strong structure and rhythm, enhanced by the way in which color is distributed. Sold on the reserve, for only £36,700, it served as a useful reminder that big battles are rarely fought over masterpieces that do not slot into ready-made categories.

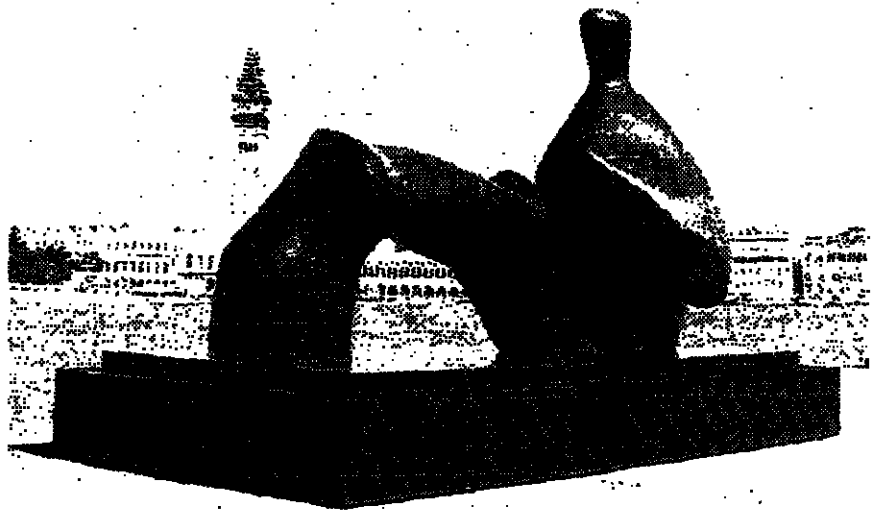
Where artists classified as Expressionists are concerned, what triggers a knee-jerk reaction from buyers is a kind of punchy, jazzy composition with strident colors such as Karl Schmidt-Rottluff's "Lighthouse," dated 1913. Last seen in New Orleans at the Museum of Art when it was included in a show of "German and Austrian Expressionism" from November 1975 through January 1976, "Lighthouse" took collectors completely by surprise. A furious contest sent it flying to £430,500.

The search for violent Expressionism in its most schematic poster-like form likewise worked wonders for the prints. A new record was set for a Nolde engraving as a lithograph, "Dancer," offered in a miraculously fresh impression regarding color, soared to an unthinkable £276,500.

Here, too, the surprise effect had something of a bearing on the price. True, Simon Theobald, head of Christie's Print Department, who seems to have been the first to suggest putting together German art sales and coordinates the now yearly event, played his game carefully.

A preview of the sale traveled from Frankfurt and Vienna to New York. But had Nolde's works not been such unexpected newcomers on the market, they might not have reached the prices they made.

The delight of discovering that quasi-forgotten works of major importance are suddenly up for sale is one pleasure collectors cannot resist. And the German field is probably the last one in which it can be enjoyed on the frequently traveled route of 19th- and 20th-century art.



One of the sculptures by Henry Moore being shown in an exhibit in Venice.

Tracking Henry Moore An Odyssey With an Italian Accent

By Roderick Conway Morris
International Herald Tribune

VENICE — Henry Moore first came to Italy on a traveling scholarship in 1925. Ironically, the young sculptor made energetic efforts to be allowed to spend the time instead in Paris, then generally regarded as the artistic center of the universe. As things turned out, however, this somewhat reluctant pilgrim's initial Italian journey led to a lifelong association with the country, and ultimately to a radical transformation of his art.

Self-evidently gifted and hard-working, Moore never lacked admirers even in his student days, but it was not until he won, at the age of 50, the Sculpture Prize at the 1948 Venice Biennale, that he gained a worldwide reputation. He later bought a house near the famous Carrara marble quarries in Tuscany, and spent part of many years working there. Now, nine years after his death, Venice is hosting a dazzling retrospective of his work, comprising 79 sculptures, over 60 drawings and engravings and 3 tapestries on the island of San Giorgio Maggiore (at the Fondazione Cini, through Nov. 26).

Moore was born the seventh of eight children in Castleford, a Yorkshire mining village, and early formed the ambition to be an artist, but in view of the probable hopelessness of ever making a living by following such a calling, was persuaded to become a teacher. The First World War proved his liberation — although he was almost killed in a gas attack on the way — since he became eligible as a veteran for a government grant to attend Leeds Art College, which soon led to his transfer to the Royal College of Art in London.

As the earliest pieces in this well-thought out and impeccably presented show reveal, Moore acquired a precocious expressiveness and mastery of the techniques of traditional sculpture. A lesser artist might have been tempted to rest on his laurels even at this stage, but as the exhibition eloquently illustrates, it took

Moore the best part of 20 years to evolve a style uniquely and inimitably his own.

Like many of his contemporaries, Moore was fascinated by African and other "primitive" artistic cultures, and he spent many hours studying them in the Victoria and Albert and British museums, developing a particular affinity with Aztec sculpture. His pieces were sufficiently avant-garde to be included in the London Surrealist and New York Cubist and Abstract Art shows of 1936, yet he never became truly aligned with any "school."

One of the principal strengths of the present show is the juxtaposition of Moore's drawings and engravings with his sculptures, many of his works on paper showing a powerful and unusual sense of color as well as form. Serendipitous byways include his sketches of the sheep outside his studio window at Perry Green in Hertfordshire, which are reminiscent of Samuel Palmer's pastoral scenes.

Moore's ceaseless efforts to extend the boundaries of his endeavors is majestically confirmed by three superb tapestries made from his designs and realized during his last years.

RETURNING from his first trip to Italy, Moore had declared that the best sculptures he had come upon there were Giotto's paintings. And this trio of paradoxically painterly, beautifully colored, woven works demonstrates both how fully rounded an artist he was, and how completely he absorbed the lessons of his great predecessors and fused them with his own distinctive vision.

But perhaps the single most important revelation that emerges from the presentation of so many pieces spanning Moore's career in an Italian setting is that, despite his unquestionable "modernity," the primary inspiration of even his seemingly most abstract productions never ceased to be the human body, and in this respect Moore represents not a break with the past but a continuation of the traditions of the Classical and Renaissance artists and the anonymous African and South American masters he strove all his life to emulate.

Astrolabe Sold for £540,500

LONDON — A highly unusual large astrolabe made of gilded copper between 1588 and 1592 by the "astronomical and geometrical instrument maker" of the Holy Roman Emperor Rudolf II surfaced out of the blue at Christie's this week.

The hitherto unrecorded object, which is a major addition to the history of European astrolabe-making, sent waves of excitement through the scholarly world.

It set a world record for any astrolabe at £540,500 (about \$865,000) on Wednesday.

The maker, Erasmus Habermel, signed it, and the Farnese coat of arms indicates that it was executed for Alessandro Farnese, Duke of Parma. The buyer was described as a private collector.

Habermel was immensely productive. But no instrument of his quite compares with this astrolabe, remarkable, among other things, for the perpetual calendar that is engraved on the back.

A gilded brass plaque engraved with a perpetual calendar, which probably served as the prototype for the astrolabe calendar, is preserved in Vienna.

It was conceived by Hermann Bulderus, whose name is engraved on the plaque together with that of Habermel, followed by the date 1587. In a letter of Oct. 15, 1587, Bulderus offers the perpetual calendar to Duke Wilhelm von Rosenberg.

The astrolabe — the making of which would have taken several months — must therefore have been completed in 1588 at the earliest. On the other hand it cannot have been made later than 1592, when Alessandro Farnese died. This highly important instrument is therefore closely datable and can be put back in its historical context.

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The Associated Press.

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Continued on Page 14

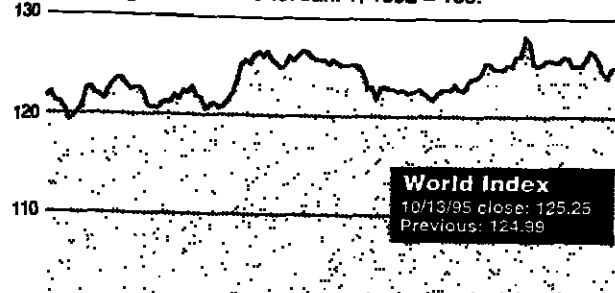
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World Index 10/13/95 close: 125.25 Previous: 124.99

Asia/Pacific: Approx. weighting: 32%, Close: 123.89 Prev.: 123.67
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For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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Whirlpool Reports 35% Drop In Profits

By Reuters

BENTON HARBOR, Mich. — Whirlpool Corp., the world's largest maker of major home appliances, said Friday that third-quarter profit fell 35 percent as material costs kept rising and competition intensified, especially in Europe.

Profit dropped to \$64 million, or 85 cents a share, in the quarter ended Sept. 30, from \$98 million, or \$1.30 a share, a year earlier. The 1994 results included an after-tax gain of \$18 million from the sale of Whirlpool's minority interest in a U.S. vacuum-cleaner joint venture.

Revenue rose 3 percent, to \$2.15 billion, for the period. Whirlpool's profits were hurt by lower margins, but the chairman, David Whitwam, said there were signs that material cost increases "are finally moderating."

Performance improved solidly in North America, where aggressive steps to increase operating margins helped offset stagnant demand and higher costs. Shipments grew about 3 percent, while selling and administrative costs declined.

"We're taking similar steps in Europe," Mr. Whitwam said, "but the market situation and material cost increases there have been more pronounced."

Whirlpool is ahead of schedule in restructuring its North American and European operations, and operating efficiencies are expected to improve significantly in 1996, he said.

Whirlpool Europe's third-quarter operating income fell by about half, even though product shipment volumes were stable. Whirlpool continued a massive introduction of redesigned home appliances over several years to cut manufacturing costs and improve quality. In 1996, Whirlpool Europe expects to derive 60 percent of its sales from models that did not exist two years ago.

Whirlpool's stock closed down 87.5 cents, at \$33.375, on the New York Stock Exchange.

Seeking a Safer Haven Indonesian Firms Look to Singapore

By Michael Richardson
International Herald Tribune

SINGAPORE — Prominent Indonesian businessmen have recently intensified their buying of stakes in Singapore-based companies in a move to diversify their assets and reduce reliance on Indonesia.

Although the businesses involved deny it, their forays into Singapore are seen by some analysts as a hedge against economic and political uncertainty in Indonesia.

In the latest example of this trend, analysts say, a group of Indonesian entrepreneurs led by the Pribadi family has in the past few days increased their stake in Eon International Pte., a Singapore-based property development company, to just over 51 percent.

There are, of course, purely commercial motives involved. Some of the Singapore companies being snapped up are cash-rich or have good business potential and access to advanced technology.

Analysts said that could result in profits when combined with the contacts and contracts of the new Indonesian owners and partners.

So far this year, Indonesian interests are reported to have taken control of, or secured a substantial stake in, about a dozen Singapore companies, from the retail group Transmarco Pte. to the property developer and Sony product distributor Amcol Holdings Ltd.

The Indonesian tycoons are evidently attracted to Singapore because it has a record of political stability, lower interest rates than Indonesia's, and financial markets suited for raising capital.

While Indonesia, with a population of more than 190 million, has a potential for enormous growth, the country's largest business groups — the so-called conglomerates, many of which are owned by members of the ethnic Chinese minority — have again come under pressure in recent weeks.

There have been calls for anti-monopoly legislation and other measures to limit the conglomerates' growth and open opportunities for new players.

Analysis says that apart from needing to diversify overseas because they had become too dominant at home, Indonesia's largest companies were also uncertain how much longer President Suharto, who is 74 and has been president since 1968, would remain in office.

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RJR to Move International Arm to Europe

Compiled by Our Staff From Dispatches

NEW YORK — RJR Nabisco Holdings Corp. said Friday it would move its international tobacco headquarters to Switzerland as it tries to fortify its international cigarette business.

The world's third-largest cigarette maker will cut 575 jobs in the United States, resulting in a fourth-quarter charge of \$160 million, or 48 cents a share fully diluted. The restructuring is expected to save more than \$150 million a year.

After unusual charges, RJR had net income of \$62 million, or 2 cents a share, in the fourth quarter of 1994.

The shift to Geneva from Winston-Salem, North Carolina, will bring senior executives closer to RJR's faltering operations in the former Soviet Union and Middle East and make it easier to acquire regional tobacco companies.

The shift also gets more of RJR's tobacco business to friendlier climes and out of the United States, where consumption is falling, regulation is increasing and product-liability lawsuits are multiplying.

"The opportunities are out there for some really fine returns and some good paybacks," said David J. Anderson, executive vice president and chief financial officer of RJR's worldwide tobacco division.

A big overseas acquisition would fly in the face of what some long-suffering shareholders are calling for: a big increase in the company's dividend or a spinoff of RJR's remaining 80.5 percent stake in the foodmaker Nabisco Holdings Corp., the largest American maker of cookies and crackers.

Shares in RJR, whose brands include Camel and Winston cigarettes, closed up 50 cents, at \$32.625, on the New York Stock Exchange.

RJR's stock price has fallen 10 percent from a 52-week high of \$36.25 in October as a variety of overseas misfortunes and Philip Morris Cos.' increasing dominance of the U.S. cigarette market have eroded profit.

RJR's regional office in Geneva currently manages more than 75 percent of the company's international tobacco volume. The shift cuts 500 of RJR's 9,500 domestic tobacco jobs and the 160 positions at international tobacco's current headquarters in North Carolina. About 85 of the people there will be offered jobs in Geneva or elsewhere at RJR, for a total reduction of 575 jobs.

(Bloomberg, AP)

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(Bloomberg, AP)

German Funding Of Transport Jet To Lift Industry

By Reuters

BONN — Germany plans to spend 4.3 billion Deutsche marks (\$3.02 billion) by 2009 on a new military transport plane in a major boost for its suffering aerospace industry, Edmund Stoiber, the Bavarian state premier, said Friday.

Defense Minister Volker Rühle made the announcement, Mr. Stoiber said, while meeting with Daimler-Benz Aerospace executives to discuss the hard-pressed sector, which is facing thousands of job losses.

"This is a decisive breakthrough," Mr. Stoiber said. Much of the industry is concentrated in Bavaria.

Eight European countries that need a total of 300 to 350 transport planes are cooperating on the Future Large Aircraft project, designed to fill a gap in Europe's ability to move troops and equipment in an emergency.

A German Defense Ministry spokesman said the funds included development costs and initial procurement of the planes.

(Knight-Ridder, Bloomberg)

Stocks Surge as Bonds Rally

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange rallied Friday for a third day, briefly reaching a new peak, as interest rates on Treasury bonds tumbled to their lowest point since early 1994.

Oil, computer, financial, entertainment and electrical equipment stocks posted the biggest gains.

"It's stock heaven, with low inflation and low interest rates," said Douglas Eby, a money manager at Robert E. Torrey & Co. in Bethesda, Maryland, with \$1.6 billion under management.

Lower rates brighten the outlook for a longer economic expansion and expanding corporate profits, while cutting the cost of corporate and consumer borrowing.

The Dow Jones industrial average ended at 4,793.78, up 28.90 points. At one point, the Dow was up by 52.02 to a new high of 4,816.9, surpassing a previous peak set on Sept. 13. New York Stock Exchange limits on some computer-guided trades were triggered late in the afternoon.

For the week, the Dow gained 24.57. "Dow 5,000 probably can't be far away," said Edward Laux, senior managing director for equity trading at Chicago Corp.

The price of the benchmark 30-year Treasury bond rose 1 5/32 points, to 107 20/32, sending the yield down to 6.30 percent from 6.39 percent Thursday. Bond prices rallied after the Labor Department said consumer prices in September had risen just 0.1 percent, beneath economists' forecasts.

In the broader market, the Standard & Poor's 500 Index rose 1.40 to 584.50. The S&P 500, the most widely accepted benchmark of the market, represents 74 percent of the total value of all U.S. stocks.

Advancing issues on the New York Stock Exchange led declines by almost a 2-to-1 ratio. Volume totaled 374 million shares, up from 343.9 million on Thursday.

Kmart was the most actively traded issue on the New York Stock Exchange, off 1/4 to 1 1/4. The company warned last week that third-quarter profit would be well below year-earlier results.

Wal-Mart was the second most active, rising 1/4 to 23 1/4. The discount retail chain's stock was raised to "buy" from "neutral" Thursday by

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ECONOMIC SCENE

Mexico: 'Bill Clinton's Finest Hour'

By Peter Passell
New York Times Service

NEW YORK — The White House visit this week of Mexico's embattled president, Ernesto Zedillo, no doubt stirred painful memories in Washington.

Just 14 months after strong-arming the North American Free Trade Agreement through Congress, President Bill Clinton was forced to scrounge \$52 billion to rescue Mexico from a financial crisis — a rescue widely viewed as a bailout for Wall Street and a symbol of the administration's inept foreign policy.

But economists are inclined to interpret these events far more kindly. By most criteria, Mr. Clinton's decision to act as lender of last resort has apparently paid off. While Mexico's recession has been deeper than expected and unemployment remains punishingly high, exports have surged.

In spite of pessimistic predictions from critics of the bailout, Mexico has managed to refinance the short-term debts that led it to the brink of default without exhausting its line of credit with the U.S. Treasury. On Oct. 7, Mexico agreed to repay the United States \$700 million of the emergency loan after successfully selling a bond issue on the international market.

Union Bank of Switzerland, among others, is predicting a return to modest economic growth next year, financed in part with imported capital that had fled Mexico only months ago.

Without help, Mexico would have been forced to default on debts to foreign lenders — mostly American mutual funds. While it may not be Washington's responsibility to bail out Wall Street, much more was at stake.

"Default would have meant chaos," said Lawrence Krohn, a senior economist at the Union Bank of Switzerland, because it would have isolated Mexican business from international markets, setting back the country's leap to modernity and creating problems for other emerging economies in Latin America and Asia.

Most economists agreed that NAFTA was oversold as a jobs program, and they wished the administration had been able to stir Mexico to act before the collapse of the peso in December. But over all, the economists give Mr. Clinton high marks for leadership.

In the view of Robert Hormatz, an assistant secretary of state under former President Ronald Reagan, the rescue of Mexico in the face of congressional opposition and European indifference was "Bill Clinton's finest hour."

Robert Lawrence, an economist at Harvard's Kennedy School of Government, said NAFTA meant more to Mexico because trade barriers between the two countries were nearly gone.

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Gemina Board Struggles at Crisis Session

Compiled by Our Staff From Dispatches

MILAN — The board of Gemina SpA, the embattled Italian holding company, was expected to appoint a new managing director as it met in emergency session late Friday, financial sources said.

Hanging in the balance Friday was Gemina's planned takeover of Ferruzzi Finanziaria SpA and Fiat SpA's chemical subsidiaries. The deal, widely criticized as unfair to minority shareholders, would create Italy's second-largest company with 38 trillion lire (\$23.7 billion) in sales.

The meeting was called amid reports of impending resignations of two top directors of the company, which is effectively controlled by Fiat SpA and the powerful investment bank Mediobanca SpA.

The sources said they expected Mediobanca to appoint one of its executives as the new managing director of Gemina, which is under investigation for suspected

insider trading and falsified financial accounts.

Although the board would remain, the sources added, its powers would be reduced.

Investors have criticized the proposed merger, saying it has little industrial logic. Furthermore, investors have said, the merger is not being carried out transparently.

It was announced Sept. 1, but the terms of the stock swap will not be released until late October.

Other fund managers and analysts said abandoning the merger would send a message that Italian authorities were serious about coming down on the side of minority shareholders and cracking down on insider trading.

Two top Gemina executives, President Gianpiero Pesenti and Vice President Francesco Paolo Mattioli, were placed under investigation by a Milan magistrate

last week on charges of presenting false balance sheets.

"The Gemina case is creating a very negative image on foreign markets," Enzo Berlanda, president of the Italian stock-market regulatory body Consob, told a parliamentary panel earlier this week.

Mr. Berlanda disclosed this week that investigators were probing alleged insider trading of Gemina shares between December 1994 and March 1995, when the media subsidiary RCS Editori SpA, or Rizzoli, announced unexpected 1994 losses, as well as after the megamerger plan was announced.

The disclosure of that probe followed news that magistrates in Milan had formally notified 10 current and former Gemina executives that they were being investigated for possible falsification of balance sheets.

(Knight-Ridder, Bloomberg)

CURRENCY & INTEREST RATES

Cross Rates										Oct. 13 Eurocurrency Deposits										Oct. 13									
	1	5	10	20	50	100	250	500	1000		D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		1	5	10	20	50	100	250	500	1000			
Australian dollar	1.4911	7.4555	14.911	29.822	59.644	119.288	238.576	477.152	954.304	Dollar	5%	3%	2%	1%	0.5%	0.2%		D-Mark	5%	3%	2%	1%	0.5%	0.2%					
Canadian dollar	0.7111	3.5555	7.111	14.222	28.444	56.888	113.776	227.552	455.104	Swiss Franc	5%	3%	2%	1%	0.5%	0.2%		Sterling	5%	3%	2%	1%	0.5%	0.2%					
French franc	6.5555	32.777	65.554	131.108	262.216	524.432	1048.864	2097.728	4195.456	French Franc	5%	3%	2%	1%	0.5%	0.2%		French Franc	5%	3%	2%	1%	0.5%	0.2%					
German mark	1.9360	9.680	19.360	38.720	77.440	154.880	309.760	619.520	1239.040	Yen	5%	3%	2%	1%	0.5%	0.2%		Yen	5%	3%	2%	1%	0.5%	0.2%					
Japanese yen	149.75	748.75	1497.5	2995.0	5990.0	11980.0	23960.0	47920.0	95840.0	ECU	5%	3%	2%	1%	0.5%	0.2%		ECU	5%	3%	2%	1%	0.5%	0.2%					
Swiss franc	1.4936	7.468	14.936	29.872	59.744	119.488	238.976	477.952	955.904	Not Available																			
British pound	0.6463	3.231	6.463	12.926	25.852	51.704	103.408	206.816	413.632	Not Available																			
Italian lira	2036.27	10181.3	20362.7	40725.4	81450.8	162901.6	325803.2	651606.4	1303212.8	Not Available																			
Spanish peseta	166.37	831.85	1663.7	3327.4	6654.8	13309.6	26619.2	53238.4	106476.8	Not Available																			
Portuguese escudo	200.48	1002.4	2004.8	4009.6	8019.2	16038.4	32076.8	64153.6	128307.2	Not Available																			
South African rand	1.4936	7.468	14.936	29.872	59.744	119.488	238.976	477.952	955.904	Not Available																			
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Malaysian ringgit	2.3361	11.680	23.361	46.722	93.444	186.888	373.776	747.552	1495.104	Not Available																			
Indonesian rupiah	1548.04	7740.2	15480.4	30960.8	61921.6	123843.2	247686.4	495372.8	990745.6	Not Available																			
Thai baht	54.80	274.0	548.0	1096.0	2192.0	4384.0	8768.0	17536.0	35072.0	Not Available																			
Chinese yuan	8.2756	41.378	82.756	165.512	331.024	662.048	1324.096	2648.192	5296.384	Not Available																			
Indian rupee	47.848	239.24	478.48	956.96	1913.92	3827.84	7655.68	15311.36	30622.72	Not Available																			
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EUROPE

Yeltsin Wants Revisions In '96 Budget Forecasts

MOSCOW — President Boris N. Yeltsin, taking an independent line on the economy, urged the government Friday to revise forecasts contained in a 1996 draft budget.

Interfax news agency quoted him as telling regional leaders that the social and economic development forecasts were "not entirely justified or properly worked out." He referred to targets for inflation and income from privatization but gave no specific recommendations.

"It is necessary to correct the direction of tax reforms, to find additional noninflationary sources of servicing the external debt and the budget deficit," Mr. Yeltsin said.

Earlier, Prime Minister Viktor S. Chernomyrdin called on deputies in the lower chamber of Parliament to pass the 1996 budget this year. But Mr. Chernomyrdin, addressing the Duma before its first reading of the budget draft, indicated that the government was prepared to make concessions over targets rejected by some deputies as unrealistic.

"We are ready for compromises, the contents of which will be revealed in our further work with you," he said.

Deputies have taken issue with the government forecast of 1.2 percent average monthly inflation in the 1996 draft. Inflation was 4.3 percent in September. Some deputies have called for the monthly forecast to be revised to 3 percent or even 5 percent. Ministers have so far rejected such a move, although Finance Minister Vladimir G. Pavlov has suggested 2 percent.

The government is eager to pass the budget before elections for a new Duma on Dec. 17.

Mr. Chernomyrdin said one of the main issues would be the size of the deficit, which the draft puts at 81.85 trillion rubles (\$18.2 billion) or 3.9 percent of gross domestic product. The 1995 deficit is now likely to be 3.5 percent of GDP against an originally planned 4.9 percent.

Mr. Yeltsin, aware of the unpopularity of government economic policies, criticized Mr. Chernomyrdin this week for shortcomings in social policies.

Austria Halts Sale of Creditanstalt

VIENNA — The departing Austrian government has halted the privatization of Creditanstalt-Bankverein, a centerpiece of efforts to reduce the budget deficits that have been the collapse of the government on Thursday.

Guido Schmidt-Chiari, the managing director of Creditanstalt-Bankverein, said Friday that Finance Minister Andreas Staribacher had halted the process.

An international invitation to tender expired on Monday. The state had offered 49 percent of the capital and 70 percent of the voting rights. The sale was expected to raise about 18 billion schillings (\$1.8 billion).

The next government is expected to resume the procedure, analysts said.

The coalition of Social Democrats and the conservative People's Party collapsed Thursday because the two parties could not agree on a

drastic austerity budget. A general election is to be held on Dec. 17.

The list of candidates to buy the stake in Creditanstalt-Bankverein has not been published.

The only known candidate to take over the bank was a consortium led by the Italian insurance group Assicurazioni Generali SpA, which is already a shareholder. Other potential parties were the Austrian bank Erste Österreichische Sparkasse, the Italian banks Mediobanca SpA and Banca Commerciale, and Germany's Commerzbank AG.

Rumors had said that the U.S. company General Electric Co. and the German regional bank Westdeutsche Landesbank Girozentrale also were candidates.

Creditanstalt had a balance sheet of \$58 billion in 1994 and net profit of \$150 million. It employed 6,700 people.

France's Sovac Could Expand With GE Capital

PARIS — If the deep-pocketed General Electric Capital Corp. succeeds in its bid for Sovac, the French financing concern will get the muscle it needs to grow, analysts said Friday.

"With GE Capital in the background, Sovac may get the means to expand where it wants to—that is, equipment purchases," said Stéphane Arrouays, an analyst with Barclays de Zoete Wedd in London.

GE Capital on Thursday made a 7.7 billion franc (\$1.6 billion) bid for Sovac, considered one of France's healthiest financial companies. [On Friday, Sovac's board recommended that the American company's offer be accepted, AFX News reported.]

In 1994, Sovac drew 40 percent of its revenue from specialist financing for car purchases, 33 percent from real estate loans, and the rest from consumer and professional equipment credits.

GE Capital's bid values Sovac at 610 francs a share, compared with the 364.9 francs at which the shares were last quoted before suspension on Wednesday.

"The bid draws attention to the undervaluation of certain stocks" in the financial industry, said analysts at the British brokerage Hoare Govett Ltd.

Investors have been wary of such stocks because many financial services companies have been hard hit by the decline of the real estate market in France.

Analysts noted that GE Capital's bid was even higher than Sovac's net asset value, estimated at 500 francs a share.

"GE Capital offers a 20 percent premium over Sovac's net asset value," said Mr. Arrouays of Barclays.

"Considering they're gaining full control, that's generous, not extravagant."

Sovac would be GE Capital's second French acquisition this year. GE Capital, the financial services arm of General Electric Co., bought consumer credit company Crédit de l'Est for roughly 1 billion francs in January.

That bid was even more lavish than the one GE is making for Sovac, representing a 72 percent premium over the company's net asset value, Mr. Arrouays said.

Sovac suffered a 15.4 percent drop in net profit for the first half of this year, which the company said came as it weeded out risky loans.

This move toward a more rigorous lending policy, analysts said, has focused investors' attention on other small healthy banks, including Crédit Commercial de France and Compagnie Parisienne de Reassurance, for example.

Alitalia Executive Is Losing His Job

ROME — Roberto Schisano, the managing director of Alitalia known for his cost-cutting moves, will be dismissed next week, a person close to the move said Friday.

The dismissal, which is expected to take place at a board meeting Thursday, also was reported by state television and a business newspaper. It follows mounting losses and labor unrest at the national airline.

Michele Tedeschi, the head of Istituto per la Ricostruzione Industriale, the state holding company that controls Alitalia, asked Mr. Schisano to step down, according to reports, but the chief executive refused, forcing the board meeting.


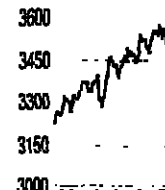
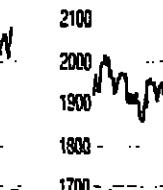
Mr. Schisano, who joined Alitalia only 18 months ago, has been opposed by unions in his bid to bring the airline back to financial health before the deregulation of the European air industry in 1998.

Alitalia has not posted a profit since 1988. It posted a loss of 197 billion lire (\$123 million) in the first half, against a 226 billion-lire first-half loss in 1994.

Mr. Schisano moved to Alitalia from the top position at Texas Instruments Italia SpA. He was hired along with Renato Riviero, a former Europe chief for International Business Machines Corp., to bring tougher management to Alitalia.

Neither Alitalia nor IRI would comment on the reports, but an IRI executive confirmed that the board meeting had been called. (AP, Bloomberg, Reuters)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
				
M J J A S O 1995	M J J A S O 1995	M J J A S O 1995		
Exchange	Index			
Amsterdam	EOE			
Brussels	Stock Exchange	7,752.98	7,721.75	+0.42
Frankfurt	DAX	2,196.83	2,158.12	+1.79
Copenhagen	Stock Market	362.75	359.47	+0.91
Helsinki	HEX General	2,125.56	2,088.85	+1.76
Oslo	OBX	413.23	408.13	+1.00
London	FTSE 100	3,568.00	3,523.80	+1.25
Madrid	Stock Exchange	302.48	297.38	+1.69
Milan	MIBTEL	5,545.00	5,578.00	-0.34
Paris	CAC 40	1,817.03	1,803.75	+0.74
Stockholm	5X 16	1,968.12	1,955.34	+0.65
Vienna	ATX	945.41	936.11	+0.99
Zurich	SPI	2,014.28	2,001.64	+0.63

NASDAQ

Friday's 4 p.m.
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

High	Low	Open	Close	Volume	Price
120.00	119.00	119.50	119.50	100	119.50
119.00	118.00	118.50	118.50	100	118.50
118.00	117.00	117.50	117.50	100	117.50
117.00	116.00	116.50	116.50	100	116.50
116.00	115.00	115.50	115.50	100	115.50
115.00	114.00	114.50	114.50	100	114.50
114.00	113.00	113.50	113.50	100	113.50
113.00	112.00	112.50	112.50	100	112.50
112.00	111.00	111.50	111.50	100	111.50
111.00	110.00	110.50	110.50	100	110.50
110.00	109.00	109.50	109.50	100	109.50
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97.00	96.00	96.50	96.50	100	96.50
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48.00	47.00	47.50	47.50	100	47.50
47.00	46.00	46.50	46.50	100	46.50
46.00	45.00	45.50	45.50	100	45.50
45.00	44.00	44.50	44.50	100	44.50
44.00	43.00	43.50	43.50	100	43.50
43.00	42.00	42.50	42.50	100	42.50
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32.00	31.00	31.50	31.50	100	31.50
31.00	30.00	30.50	30.50	100	30.50
30.00	29.00	29.50	29.50	100	29.50
29.00	28.00	28.50	28.50	100	28.50
28.00	27.00	27.50	27.50	100	27.50
27.00	26.00	26.50	26.50	100	26.50
26.00	25.00	25.50	25.50	100	25.50
25.00	24.00	24.50	24.50	100	24.50
24.00	23.00	23.50	23.50	100	23.50
23.00	22.00	22.50	22.50	100	22.50
22.00	21.00	21.50	21.50	100	21.50
21.00	20.00	20.50	20.50	100	20.50
20.00	19.00	19.50	19.50	100	19.50
19.00	18.00	18.50	18.50	100	18.50
18.00	17.00	17.50	17.50	100	17.50
17.00	16.00	16.50	16.50	100	16.50
16.00	15.00	15.50	15.50	100	15.50
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14.00	13.00	13.50	13.50	100	13.50
13.00	12.00	12.50	12.50	100	12.50
12.00	11.00	11.50	11.50	100	11.50
11.00	10.00	10.50	10.50	100	10.50
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7.00	6.00	6.50	6.50	100	6.50
6.00	5.00	5.50	5.50	100	5.50
5.00	4.00	4.50	4.50	100	4.50
4.00	3.00	3.50	3.50	100	3.50
3.00	2.00	2.50	2.50	100	2.50
2.00	1.00	1.50	1.50	100	1.50
1.00	0.00	0.50	0.50	100	0.50
0.00	0.00	0.00	0.00	100	0.00

High	Low	Open	Close	Volume	Price
119.00	118.00	118.50	118.50	100	118.50
118.00	117.00	117.50	117.50	100	117.50
117.00	116.00	116.50	116.50	100	116.50
116.00	115.00	115.50	115.50	100	115.50
115.00	114.00	114.50	114.50	100	114.50
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113.00	112.00	112.50	112.50	100	112.50
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111.00	110.00	110.50	110.50	100	110.50
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54.00	53.00	53.50	53.50	100	53.50
53.00	52.00	52.50	52.50	100	52.50
52.00	51.00	51.50	51.50	100	51.50
51.00	50.00	50.50	50.50	100	50.50
50.00	49.00	49.50	49.50	100	49.50
49.00	48.00	48.50	48.50	100	48.50

THE MONEY REPORT

FIRST COLUMN

Profits — Without The Guilt

MAKING money out of money has traditionally suffered from what would in modern times be called an image problem. The terms vary a little in the degree of vitriol — money lender, usurer and (horror of horrors) foreign exchange speculator — but there is a common attitude of disdain, perhaps tempered with a little envy, that underpins them all.

This means that the investor seeking to commit money so as to produce more money faces a tough time. We have, of course, moved on from the days when those seeking to take an income from their capital risked being stoned in the streets. Instead, income-oriented investors almost inevitably face an adversarial taxman.

The chief principle of international taxation is that international tax systems have virtually no principles in common. So it is rare indeed to find a stricture — namely that investment income will be heavily taxed — which fits so comfortably into so many fiscal systems. Even some of the more liberal tax havens will only allow nonresidents to take income gross of tax. Perhaps governments don't mind capital earning income, so long as they don't have to see the investors enjoying it.

If that seems improbably petty-minded, consider the difference between income and capital. In most cases this is little more than a question of degree. Hence the maxim that a wealthy person is someone who can live of the income of the income of the capital, i.e., to be rich means that the first round of income is enough to be deemed capital.

Consider the investment performance of "income-producing" mutual funds when the investor decides to have the money rolled back into the original investment. These funds often do very well — as we shall see next week, when investing for growth will be our topic.

The question is clear: If income and capital are similar, why tax them differently?

M.B.

Income Funds, Once the Easy Route, Test Investors' Mettle

By Digby Lerner

CAN it really be only two years ago that income-fund investment seemed like such an easy business? When investors were falling over themselves to get cash into almost any mutual fund and tapping into some impressive gains?

If so, how quickly things have changed. Since February 1994, when the U.S. Federal Reserve Board embarked on what turned out to be six consecutive hikes in interest rates, income funds have been floundering.

The unexpected and prolonged reversal of Fed policy shot fear into income-fund investors around the world, causing tens of thousands to take their money and run.

In an environment like this, where is a yield-seeking investor supposed to go? Analysts in the United States and Britain, the two most active mutual fund markets, see a few opportunities among the wreckage.

U.S.: Nowhere to Go But Up

For many experienced fund managers, the flood of redemptions that followed the Federal Reserve Board's interest-rate hikes merely compounded problems they were already having. While they might otherwise have preferred to ride out the storm by hanging onto their stocks, they were, instead, forced to liquidate fund assets in a falling market.

The Fidelity Capital & Income Fund faced exactly that problem. From 1993 to April of this year the fund's total return fell from more than 20 percent to 4.63 percent — less than the sector average, according to figures from Lipper Analytical Services, the investment research firm in New York.

In fact, this dismal figure was entirely due to capital depreciation within the fund, rather than to a decline in actual dividend return.

David Breazzano, the fund's portfolio manager, explained why: "As money went out of the fund, I was forced to sell some of its holdings — mostly junk bonds — in a down market. Redemptions continued to plague this and several other high-yield funds throughout 1994."

Although redemptions across most funds have now leveled off, there is no sign of them picking up in the near future.

The problem, analysts say, is not that the



Performance of Fixed-Income Funds by Category

Total return and yield data over one year and year-to-date to Sept. 30, 1995

Category	Yield	12-month Total Return	YTD Total Return	12-month Yield	YTD Total Return
Convertible Securities	4.00	14.24	26	17.21	15.52
Target Maturity	2.72	19.65	14	17.61	15.52
General U.S. Treasury	5.88	15.27	39	14.48	8.82
Corp BBB Rated	8.54	14.43	45	14.45	6.08
Corp A Rated	6.13	13.80	44	13.51	3.36
Flexible Income	6.51	12.37	53	13.29	8.19
General World Income	6.32	11.74	54	12.79	6.08
Insured Muni	5.06	10.21	60	11.84	7.84
General U.S. Govt	6.11	12.74	48	12.44	7.44
Intermediate Invest. Grade	6.03	12.15	49	12.14	7.37
General Muni	5.16	9.84	52	11.60	7.37
General Bond	7.23	11.65	62	13.30	7.37
GNMA	6.45	12.59	64	12.34	6.84
Intermediate U.S. Govt	5.85	11.34	52	11.40	6.71
US Mortgage	6.88	11.68	57	11.82	6.71
Intermediate Muni	6.15	9.65	54	11.15	6.13
Intermediate U.S. Treasury	5.44	10.54	52	10.60	6.08
High Current Yield	8.31	11.78	79	13.15	6.08
Short World Single Mkt-Income	6.00	5.66	6	5.33	5.38
Emerging Market	6.45	0.71	30	10.25	5.38
Short U.S. Govt	6.24	8.20	70	8.35	5.38
Short Investment Grade	7.33	7.95	77	8.09	5.38
Short U.S. Treasury	5.74	7.86	73	7.88	5.38
Short Muni	5.74	5.63	73	5.75	5.38
Ultra Short Obligation	4.85	6.18	57	4.91	5.38
Short World Multi-Mkt-Income	6.35	3.08	22	5.46	5.38
Money Market	5.13	5.25	88	4.03	5.38
Adjustable Rate Mortgage	6.82	1.56	37	3.39	5.38

Sources: Lipper Analytical Services.

income fund market continues to be problematic, but rather that investors remain nervous.

Because of the long and happy track record income funds had enjoyed up to last year, few investors were ready for the fall when it finally came. Even institutional investors were wrong-footed by the sudden turn in U.S. interest rates, said Tom Poor, an income-fund portfolio manager with Scudder Stevens & Clark.

"Nobody expected interest rates to rise when they did," Mr. Poor said. "The economy was picking up, but there didn't appear to be any inflationary pressure seeping in."

Investing for Income

Page 19.
The fine print on property.
What Mrs. Suzuki is buying.
Taxation tips for expatriates.

He added that the yield on long-dated Treasury bonds moved by over 200 basis points, or two percentage points, fueling the panic.

"Yields moved out from 5.80 to 8.15 percent and funds made capital losses of between 10 and 20 percent, something that couldn't be offset by income," Mr. Poor said.

Things were so bad, he added, that even traditionally secure fixed-income bonds were money-losers. By the end of last year, according to figures from Morningstar Inc., the Chicago fund data group, taxable bond funds posted losses of around 5 percent on average.

All this might not have been such a durable problem, Mr. Poor said, had it not been for the fact that most investors also missed the recovery when income fund yields moved back toward the 6.5 percent mark.

"Not only did they get hit going out but they got hit moving back in again," he said. "That really soured sentiment for most private investors. They continued to bail

out from January to May. Since then things have remained neutral."

Perhaps the most frustrating aspect of the current situation is that while investor sentiment remains depressed, the economic backdrop is steadily improving.

Analysts say that, in the short term, there are signs that last year's interest rate hikes have succeeded in their goal of slowing the U.S. economy, and that deceleration, in turn, has reduced fears of future inflationary problems.

Janet Yuen, an analyst with Lipper Analytical Securities Corp. in New York, agrees that investors who had their fingers burned last year are still shy of the market. But she added that if they had held their nerve and clung on these same investors would by now have won back all the money they lost.

"Bonds are starting to come back and a lot of good prospects," she said. "Some income fund sectors are looking especially promising."

High-current-yield funds have had an impressive quarter, yielding 9.31 percent

in a market where the average is around 6 percent, followed closely by the emerging market debt sector, yielding 7.45 percent.

For investors opting for lower yielding funds that offer greater capital security, convertible securities, general U.S. Treasury and BBB-rated corporate bonds have performed best over the last quarter.

Britain: What High Yields?

Chris Burvill, a fund manager with Guinness Flight in London, said that despite improved earnings prospects among British corporations, the last six months have been difficult for income fund managers.

He said that traditionally high-yielding stocks such as British Gas, British Telecom PLC, Hansen Trust and P&O Ferries have been showing poor returns.

"There is a problem with traditionally high yielding stocks," he said. "While many investors are happy with the income they provide, others write them off on the grounds that any company paying out such large dividends is unlikely to offer much capital growth."

For that reason, Mr. Burvill said, "the value of these stocks has fallen. That has hit income fund performance."

But he remains optimistic for the future, saying that sentiment can only place a limited amount of downward pressure on stock prices. At some point, he said, they become so cheap that investors start buying them up again, pushing up the price.

Where the British income fund market differs from its American counterpart is that it has not suffered the same level of redemptions over the last year and a half.

While 1994 was flat funds have been taking on more new cash this year. This, Mr. Burvill said, is mainly thanks to Britain's thriving tax-exempt sector.

"Professional investors invariably look for growth," he said. "Individuals, on the other hand, are attracted to tax-free income." In Britain this is provided by government approved Personal Equity Plans, or PEPs.

For those investing for income in the British market, Mr. Burvill believes the consumer sector offers the best prospects.

"Most U.K. sectors should perform pretty well," he said, "but its probably worth some overweighing in consumer stocks. If we do see the much-promised consumer recovery, earnings should pick up there first."

High-Quality Paper and Junk Debt: New Ways to Play With Risk and Reward

By Barbara Wall

JUST as there are different levels of risk in the equities market, bonds are considered more or less of a gamble according to the credit rating awarded to issuers from independent rating agencies such as Standard & Poor's Corp.

The higher the credit rating, the less likelihood there is of the bond issuer defaulting on the debt. Debt with a rating of AAA is considered to be the most secure form of bond investment. This rating is awarded to governments and companies

perceived to be in sound financial health.

At the other end of the spectrum there is low-quality, high-yielding corporate debt, or junk bonds, and emerging market sovereign debt with ratings of BB or BBB.

"Where the credit rating is low, the interest rate offered by the bond issuer has to be sufficiently high to attract investors," said Paul McWilliam, a bond strategist with Goldman, Sachs & Co. in London. If regular bonds in the mainstream markets are offering 5 percent, he said, investors may decide that the risk inherent in high-yielding bonds is more than compensated by an additional yield of 2 percent to 3 percent.

The accepted measure for assessing the trade-off between risk and reward is the credit spread. This is the interest-rate differential that investors need to be paid to accept credit risk. The U.S. Treasury is the benchmark for spread calculations in the Eurodollar bond market.

During 1994, credit spreads for low-quality issues widened markedly due to many factors, including the hike in U.S. interest rates, the Mexican peso crisis and the rising incidence of debt defaults during that year.

But now, according to George Johnston, director for BZW Capital Markets in

Britain, "Confidence is gradually returning to the bond markets, and credit spreads for low-quality issues have started to contract. This development has helped many investors make spectacular gains on their high yielding bond investments."

Analysts say there are still a lot of investment opportunities in low-grade bond issues, provided investors are prepared to take an equity-like risk.

Janet Yuen, a fixed-income analyst with Lipper Analytical Services Inc. in New York, notes that interest in U.S. junk bonds is picking up despite the fact that junk-bond funds did not do well in the first six months of 1995 because of falling interest rates. In the nine months to Sept. 30 the average total return for high-yield corporate debt funds was 13.15 percent, compared to 14.48 percent for U.S. Treasury funds.

High-quality corporate debt achieved a total return of more than 13.51 percent over the same period. However, with U.S. interest rates leveling off, Ms. Yuen anticipates that the high-yield corporate debt funds should significantly outperform U.S.

Category	Yield
High Current Yield	9.31
Short U.S. Govt	5.88
Short Investment Grade	6.13

Sources: Lipper Analytical Services

Treasury funds in the next 12 months.

In the main, investors are attracted to junk-bond funds because of the yield pickup. In the nine months to September, the average yield from the sector was 9.31 percent, according to Lipper Analytical. That compares with an average yield of 5.88 percent from U.S. Treasury funds and 6.13

percent for high-quality corporate debt.

Sophia Skalistiri, a fixed-income fund manager with Capel Cure Myers in London, invests solely in high-quality sovereign and corporate debt. Although spreads have also narrowed for high-quality debt issues, Ms. Skalistiri believes that there are a lot of opportunities out there, especially in less liquid markets such as Denmark and Holland.

While defaults on mainstream bonds are rare, there are other ways of losing money. If interest rates rise significantly, investors must suffer low yields until the bond matures or sell at a discount to face value.

Investors are also advised to pay special attention to the duration of the bond and the possible effect of inflation on the capital value of the investment.

"Many investors buy long-dated bonds in the mistaken belief that no matter what happens to the market, they will get their money back on redemption," said a fund manager. "They fail to recognize that after five or ten years of rampant inflation, their money will have greatly depreciated."

The Return of Emerging Market Bonds

By Judith Rehak

EMERGING-MARKET bond funds are high-risk, high-reward vehicles, but in the past year shareholders have seen them as though they were never going to see the reward side of the equation.

These funds, which invest in below-investment-grade government and corporate debt from developing countries, began to stumble in 1994, hit first by sharply rising interest rates in the United States, then hammered by the disastrous devaluation of the Mexican peso.

According to Micropal, the fund data group, emerging-market debt funds were down 4.28 percent last year, and then lost another 7.07 percent in the first quarter of this year as Mexico's crisis worsened and spilled over into other markets. Some funds plunged as much as 20 percent, and all saw

frightened shareholders flee in droves.

But as confidence in Mexico's return to economic health has grown, emerging-market debt prices have rebounded, and funds investing in this sector have soared 10.27 percent in the second quarter and another 5.90 percent in August.

The staple investment of these volatile funds is Brady bonds. Denominated in dollars, these securities are created from defaulted government loans under a plan set up by former U.S. Treasury Secretary Nicholas Brady. Countries that have issued Brady bonds include Mexico, Argentina, Ecuador, Bulgaria and Poland.

The \$158 million Scudder Emerging Markets Income Fund is maintaining a hefty 75 percent weighting in Latin American Brady bonds, which Luis Luis, head of the firm's emerging-market income group, believes are "quite undervalued." He, like some of his peers, is especially keen on Brazil because of that country's growing economy.

Other funds have been doing selective bargain-hunting in dollar-denominated corporate debt. Simon Romaine, portfolio manager of the LFM Emerging Markets Capital Fund, a Luxembourg vehicle, bought bonds of Empresa La Moderna, a Mexican blue chip in tobacco and agriculture, for 75 cents on the dollar. It is now selling for 98 cents on the dollar.

But many emerging-market bond investors are now looking to diversify in another part of the world — specifically, Eastern Europe.

One popular destination has been Poland's Brady bond market, which dipped only briefly during the Mexican crisis: "Money was searching for a place to invest, and Poland wasn't tainted," said Kris Bledowski, economic adviser for the Pioneer First Polish Trust Fund. Polish Brady bonds based on past due interest that were trading around 45 cents on the dollar a year ago have soared to 63 cents.

In Times of Turmoil, Remember Money Funds

By Aline Sullivan

THIS week's turbulence in equity markets has sent investors scrambling for stress-free alternatives. Money market funds, which offer reliable returns and easy access, look set for a revival.

Money market funds traditionally have been used as a temporary safe harbor — and little else. Yields are generally low and they offer no hope of capital appreciation. Not

surprisingly, few investors put more than 10 percent of their assets in these funds.

This strategy may be worth rethinking, say some advisers. Those with vivid memories of the October 1987 crash already have reason to feel nervous at this time of year, and the tumult earlier this week in U.S. technology stocks made them even more jittery.

"People are finding that they have put a bit more in stocks this year than they should have," said David Katz, chief investment officer at Matrix Asset Advisors in New

York. "The market will probably right itself soon but it's a good time to reassess asset allocations and think about short-term bonds and the money markets. Cash is not a terrible thing."

Jeanne Wong Beem, portfolio manager of the \$350 million Aetna Money Market Fund in Hartford, Connecticut, anticipates a strong flow of capital into the money markets if the U.S. equity market continues to deteriorate. "We've seen a real weakness in equities in the past few days," she said. "There soon could be a flight to quality."

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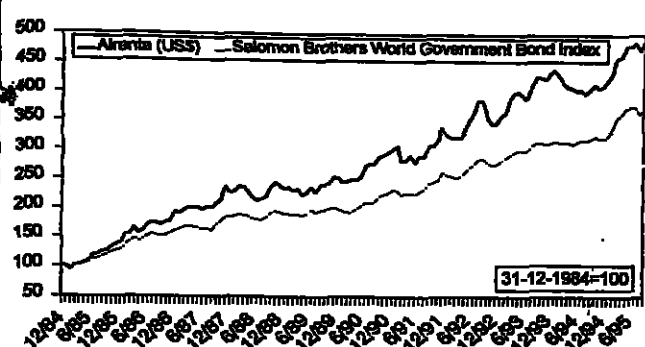
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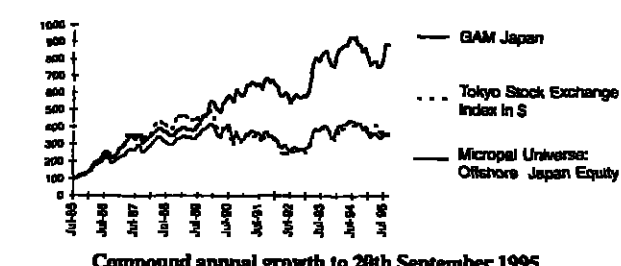
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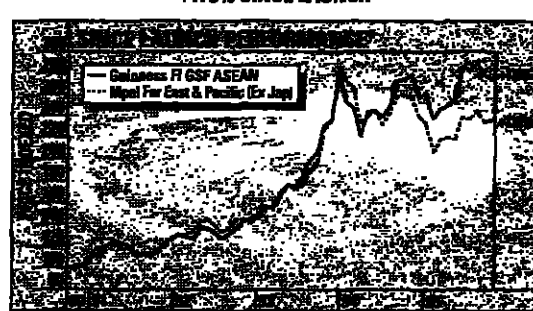
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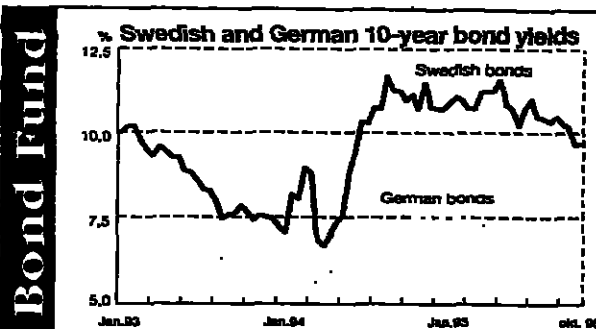
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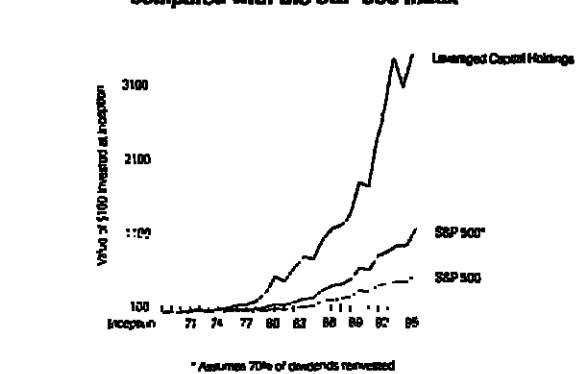
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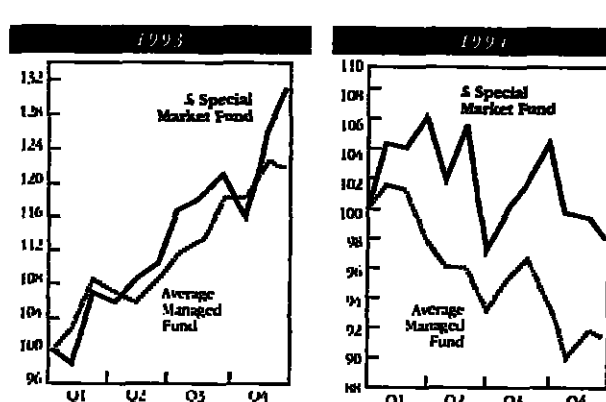


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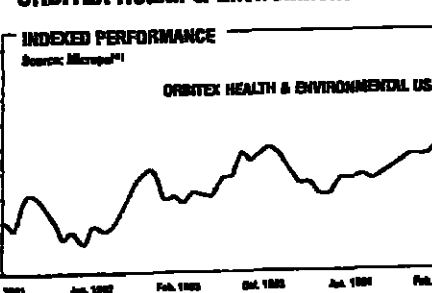
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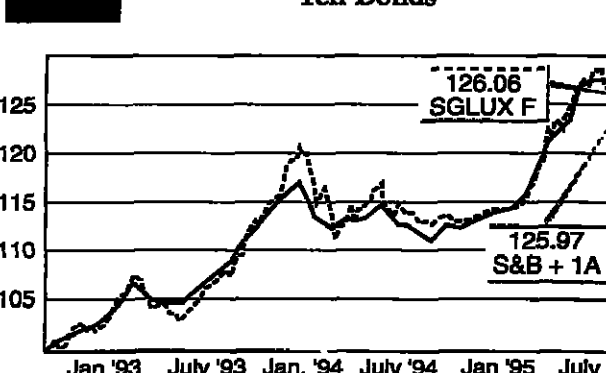
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THE MONEY REPORT

Good Real-Estate Advice Goes Double in Rental Market

By Iain Jenkins

In bull markets, let's face it, it doesn't really matter which blue-chip stock you choose: They all will be floated upwards, like ships on a rising tide, and their dividend payout with them.

When markets are stagnant, however, you would do better to get a decent stock broker to help you find value.

The same principle applies when buying an apartment or house as an income-producing property: When prices are falling, as they have been for the past year in most capital cities, and yields are being dragged down with them, it pays to have a decent agent to help you get the most for your money.

First, the rule that it pays to read the fine print of any document associated with a property purchase goes double if the property is to be rented out. Because of hidden costs in, say, the rental agent's contract or property deed, it is an all too common experience to find that the 10 percent gross yield promised by the agent looks more like a 5 percent net yield at the end of the year.

Willy Gething, managing director of Property Vision, which helps overseas buyers find real estate in London, says: "Many people have been promised double-digit yields. But a year later when the capital value is stagnant they find the yield is closer to 5.5 percent and start asking themselves if they would have been better off leaving their money in a bank account."

London is one of the markets where large numbers of foreign investors buy residential property to rent out. And it is one of the areas in the world that the investment strategy makes sense because of the high demand for property, particularly from wealthy expatriate North Americans and Europeans.

However, even in London's healthy rental market there are pitfalls that investors must be aware of.

When they buy, they often forget that, to get a true picture of their net yield, they must deduct agent fees, service charges on the building — normally around \$1,500 a year — and repairs and insurance.

"Once all these items have been added on to the capital cost of the house, the figures can start to look less attractive," Mr. Gething said. "Then you have to deduct something from the rent because most properties will not have 100 percent occupancy. A more normal level is 85 percent, which means that the income is less than it at first appears."

Moreover, location — the nec plus ultra in real estate — can be a tricky business in rental real estate. The traditional areas may not always be the best bet because, in microeconomic terms, demand for the best addresses is price-inelastic: It will remain high, so prices will remain high even in down markets.

Mr. Gething, for example, advises yield-seeking investors to forget about fashionable London neighborhoods like Knightsbridge, where prices are inflated by international de-

mand, and look at areas just outside central London, such as Chiswick, Barons Court or Barnes — where, he says, the right property can yield 7 percent to 8 percent.

In other capital cities, it can be very difficult to get anything close to these levels of yields. The developing Asian markets are an exception. Luxury residential accommodation for expatriates can yield a healthy 12 percent in Bangkok and 8.6 percent in Jakarta, with Tokyo yielding 6.1 percent, according to figures compiled by Richard Ellis International.

However, in many of these markets yield is a secondary factor in real estate investment. Although a three-bedroom apartment in the Peak district of Hong Kong can be rented for a staggering \$23,400 a month,

the primary goal in Hong Kong real estate investment is capital growth. The same apartment, for example, would fetch \$3.64 million at sale.

Another area that agents say attracts considerable interest from investors looking for yield from residential real estate is the holiday market, especially in popular places like the Normandy region of France, the Algarve in Spain or the highlands of Scotland.

Patrick Dring, an agent with Knight Frank & Rutley in Britain, says: "The holiday market is very good for July and August, quite good in June and September when you will get really good rental. Normally in those holiday months you can get a rent equivalent to renting out the property to a single person for a year."

Real Estate Investment Yields

As of June 30, 1995 (%)

	Office	Retail
Brussels	7.0-7.5	6.0-8.0
Paris La Defense	7.5-8.5	7.5-8.5
Prime Right Bank	6.0-6.5	
Lille	9.0-10.0	8.5-9.5
London City	5.0-5.5	
West End	5.0-5.5	
Barcelona	7.0-7.5	6.5-7.5
Madrid	6.5-7.25	6.5-7.5
Amsterdam	6.5-7.5	6.75-7.25
Rotterdam	7.0-7.5	6.75-7.25
Milan	5.5	5.5
Berlin	5.25-5.75	5.0-5.5
Frankfurt	5.0-5.5	5.0-5.5
Munich	5.0-5.5	5.0-5.5
Vienna	5.25-6.0	
Prague	10.0-12.0	
Budapest	10.5-13.0	

Source: Jones Lang Wootton

Ways to Soften the Tax Bite

By Jack Anderson

In the beginning there was income. And then, on the second day, there was taxation. This fiscal theory of creation is the sad but simple truth which lies at the heart of international taxation of earned and investment income: As soon as you've got it, some tax authority out there will want it.

By the time they have reached executive-level positions, taxpayers in their home countries have most likely figured out how to minimize the annual tax bite, the better to get on with the business of building wealth.

Expatriates, on the other hand, may not have the benefit of the same innate knowledge or expert advice in their host countries, so they may not know what can be done to alleviate their tax burden. Unwary investors may find themselves paying tax at their marginal rates unless they have done some careful planning.

Once an executive is resident in a country for tax purposes, the general rule is that worldwide income is taxed. The United States is unique in taking this further and requiring worldwide taxation based on citizenship, irrespective of residency.

Even further, proposed legislation in the United States provides that abandoning U.S. residency or citizenship to avoid this requirement would in itself be a taxable event to the extent of any subsequent appreciation

in assets on a worldwide basis. The rule is general: Residents worldwide are taxed. The planning opportunities, however, are particular. Each country has specific areas that it chooses to treat leniently, so there are specific tax breaks that can be planned for.

Below is a sampling of the key planning points for various countries.

• **Austria** — Withholding tax on interest and dividends may be reduced by a treaty for nonresidents.

• **Canada** — A credit for corporate tax is allowed for individuals on dividends received from Canadian corporations.

• **France** — For a married couple the first 16,000 francs (\$3,200) of total dividend and bond interest income is exempt. For a single person, the figure is 8,000 francs.

• **Germany** — For interest

and dividend income, married taxpayers may exclude 12,000 Deutsche marks (\$8,400) from taxable income; the figure is 6,000 DM for a single person. A fixed deduction for investment income is also allowed, unless higher actual expenses are claimed.

• **India** — An exemption is allowed on interest and dividends up to 13,000 rupees (\$384).

• **Japan** — Dividends may be taxed at lower rates in certain circumstances, such as when a taxpayer elects to have dividend income excluded from ordinary income and taxed separately at source.

JACK ANDERSON is a tax and legal partner with Ernst & Young in Paris. He was assisted in this article by Diane Koonce of Ernst & Young, Paris.

Trends in Retail Bonds Start With Mrs. Suzuki

By Rupert Bruce

In the next few weeks salesmen from securities houses will be visiting Japanese housewives to sell them \$2 billion worth of Italian bonds. Mrs. Suzuki and her friends will choose between a tax-efficient zero-coupon bond or a 6 percent fixed-rate bond, both with five-year maturities, then tuck their purchases away next to bonds issued by Sweden, Brazil, the World Bank and PepsiCo Inc.

If the prototypical retail bond buyer used to be described as a "Belgian dentist," today it is a Japanese housewife. Steve Apted, head of debt syndication at Nikko Europe, says Japan is the world's fastest growing market for retail bond sales.

The Japanese Ministry of Finance has unleashed

the enormous buying power of its retail savers over the past two years by removing a series of restrictions that had previously made it impractical for international issuers to sell their bonds into Japan.

Nikko Europe estimates that Japan's retail investor base has assets of 1,000 trillion yen (\$9.93 trillion), roughly three times the U.S. Treasury market.

In Japan, where women traditionally are responsible for household finances, the attractions of high-yielding foreign bonds are almost irresistible. Rival domestic five-year bank deposits and fixed-income investments yield 1.5 percent to 2 percent, while the Italy bond, for example, yields 6 percent — and lesser quality borrowers pay even higher yields.

But the Mrs. Suzukis of the world are careful buyers. A Nomura International debt syndicate manager notes that, because many of the higher yielding

international bonds are issued in currencies other than yen, Japanese investors watch carefully for currency risk. "What they are going for is the more stable currencies," he says.

In order to avoid currency risk, Japanese investors have recently bought a large number of Australian bonds that pay coupons in Australian dollars but repay the final sum in yen. Similarly, a five-year Swedish bond issue with a 6 percent coupon was popular because it was denominated in Deutsche marks, a currency that Japanese investors regard as likely to remain stable against the yen.

Japanese investors are also buying yen-denominated bonds issued by foreign borrowers. The most notable of these was Brazil's 6 percent, 80 billion yen May Eurobond, the country's first international bond issue for 15 years.

BRIEF CASE

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For a prospectus, call Guinness Flight in London, (44 171) 522 2100.

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The Money Report is edited by Martin Baker

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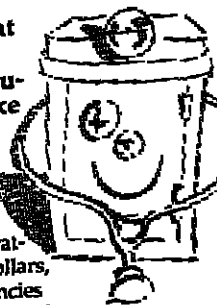
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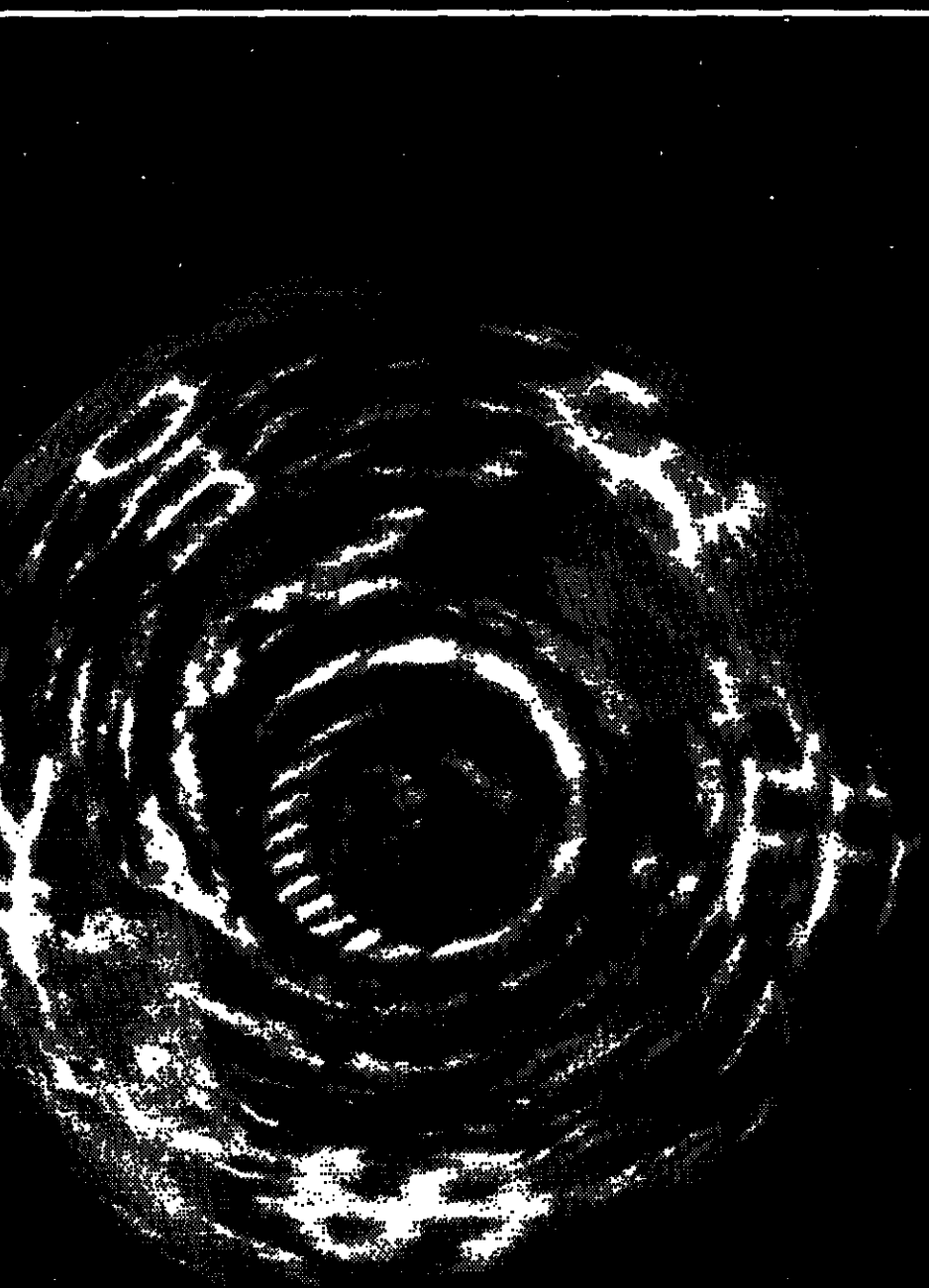
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Fashion

All the World Is on Stage For Paris Fashion Shows Global Players Are Mercenaries Behind French Designer Labels

By Suzy Menkes

PARIS — This season marks a watershed moment in the globalization of fashion. For the first time, native French designers are in a minority at the ready-to-wear collections staged at the Louvre — the cultural symbol of France's capital city.

The spring/summer 1996 collections opened Thursday with foreign-based designers presenting five out of the nine shows. On the closing day next Friday, an all-foreign line-up includes designers from Germany, Norway, Switzerland, Turkey and the United States.

The show calendar contains a wealth of international names, from Asia through Belgium and Brazil. But even at the grand establishment houses, things are not quite as French as they seem. The designer behind an august label is often of a different nationality, starting famously with German-born Karl Lagerfeld at Chanel — even if he came to Paris at age 14.

Lagerfeld is making a clean sweep of Paris this season, for he is honored in a celebration of Chanel at Au Printemps department store and for his signature label at Galeries Lafayette — as well as launching his book of Claudia Schiffer pictures.

Few couture houses can genuinely wave the *Tricolore*. By next season, Givenchy will be fielding the British designer John Galiano. At Lanvin, Oclmar Versolato, the Brazilian-Italian designer who formerly worked with Gianni Versace and Hervé Léger is slated to take over as designer. He shows his own line Saturday.

Dior has had the Italian Gianfranco Ferré at the helm since 1989; the American Oscar de la Renta is still at Balmain (although he is expected to quit); there are Dutch and German designers respectively at Balenciaga and Nina Ricci. Among the classy ready-to-wear houses, Peter O'Brien at Rochas is Irish. The German Thomas Maier, creator of Sonia Rykiel

menswear and a stylist for Hermès, has been hired for ready-to-wear at Revillon.

As French designers who originally created fashion houses grow older and leave the stage, their labels will increasingly become brands with different names behind them.

But even symbolic figures in the Paris fashion scene may not be French to their fingertips. If you dig to their roots, both Pierre Cardin and Emanuel Ungaro have Italian fathers.

Anyone who walks along Avenue Montaigne can see that France's fashion mile has also been invaded by foreign stores, from Escada and Jil Sander of Germany, to the Italians Genny, Ferragamo, Krizia, MaxMara and Valentino.

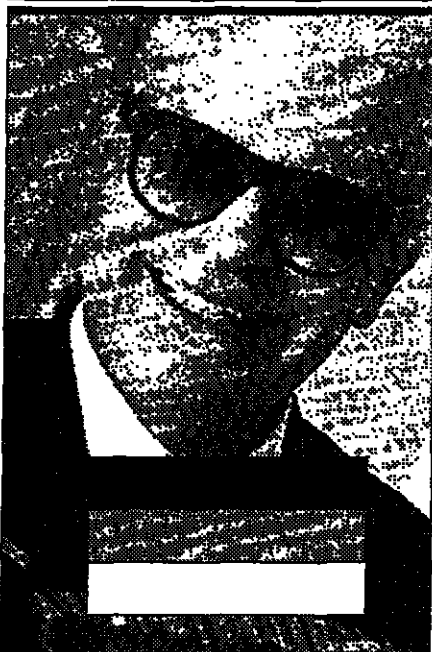
To see all this as a flop for the French, who should be beating their chauvinist breasts, is to misunderstand the nature of the modern market. Fashion is created by an army of international designer mercenaries working for brands which themselves address the global marketplace.

This is equally true of Italian or German fashion. For example, Ferragamo, Genny and Gucci have all taken American designers — while a Frenchman, Marc Audibert, has worked in Italy for Prada and now Trussardi. Escada has the American Todd Oldham as a design consultant. Yet it is significant that when Steven Slowik, the designer at Ferragamo, decided to set up his own label, he picked Paris. He presents his debut collection Saturday.

"When I lived in New York, I always wanted to move to Europe," says Slowik, who spent two years with Calvin Klein. "The world is getting so much smaller — you can't design for just one market."

The point of Paris is not that it is French, in the nationalistic sense, but that for various historical and cultural reasons it is the epicenter of the fashion world.

"Paris is the showcase for collections," says Lagerfeld, who has three shows on the runway. He says that since couture was invented, Paris has been a



Clockwise from top left: Brazil's Ocimar Versolato; Steven Slowik of the United States; John Galiano of Britain; Junya Watanabe of Japan; Gianfranco Ferré of Italy; and Karl Lagerfeld of Germany.

magnet, citing its founding father, the Englishman Charles Frederick Worth, and later the Italian Elsa Schiaparelli and the Spanish Cristobal Balenciaga. "Fashion has to be exceptional, not local," he claims. "Everything local is demodé."

Cardin, whose name has instant recog-

nition throughout the world, also takes an international view.

"We mustn't be chauvinist — fashion is a collection of ideas and creative people, and that is not linked to France but to Paris," he says.

The subject of French fashion's na-

tional identity is currently a delicate issue because of the threatened boycott of French goods in response to the nuclear tests policy of President Jacques Chirac. Although it is too early to check figures,

Work Wear: Reflection Of Change No Need Now For Uniforms

By Robin D. Givhan

WASHINGTON — The transformation has been swift: from pink-collar uniforms to navy suits, with floppy bow ties, to trim-fitting pastel suits with above-the-knee skirts and St. John knits, Escada brights and the Giorgio Armani slouch — all in a few decades.

For these and other salutary changes in women's post-World War II business attire, let us give credit where credit is due:

- To the high-profile businesswomen who have flaunted the traditions of office wear;

- To popular culture that has portrayed professional women with both power and sex appeal;

- To corporate dress codes that have loosened significantly; and

- To designers who have pushed the limits of creative business dress.

The result is that the first lady, Hillary Rodham Clinton, an attorney, wore a pink suit during her official visit to Beijing in September.

Marcia Clark, the lead prosecutor in the murder trial of O.J. Simpson, regularly marched into the courtroom wearing trim-fitting suits with skirts short enough to set tongues wagging.

While playing a corporate shark in the film "Disclosure," actress Demi Moore regularly combined bare legs, business suits and a hint of cleavage. Female executives didn't begin burning their stockings and buying Wonderbras, but they were reminded that comfort and femininity both have a place in the office.

The television program "L.A. Law" showed female attorneys wearing trousers into the courtroom. Real-life

Continued on Page 23

Continued on Page 23



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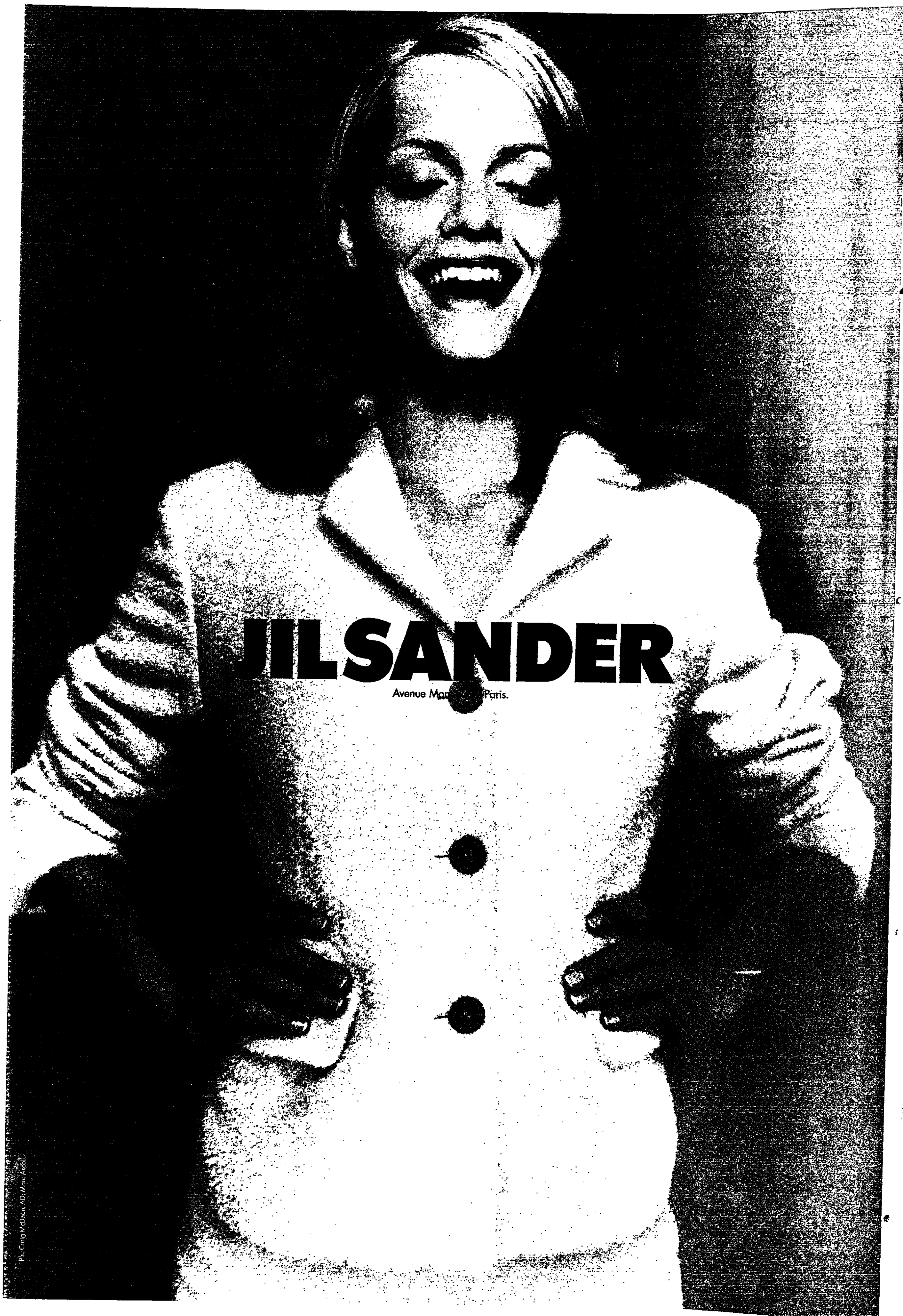
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FASHION / A SPECIAL REPORT

Men's Magazines Seek the Elusive Regular Guy

By Katherine Knorr

PARIS — Why can't a man be more like a woman? That's what magazine publishers want to know. Women gobble up the kinds of glossy service magazines that sell clothes as well as kitchens: men are much harder to sell. That may be changing as baby boomers start looking at the bad side of middle age and as even X'ers lose their hair.

The latest thing in men's magazines on both sides of the Atlantic is rather blandly called lifestyle mags (as in, get a lifestyle!), which target men more for their anxieties than for their intellect and which read a bit like women's magazines. Fashion is a big factor — although some magazines prefer not to use the "f" word.

These are magazines for a New New Man, whose interest in fashion is inseparable from an interest in health and fitness. This is a man worried about weight and about baldness and about dressing ridiculously and having bad breath and not knowing how to make an omelet. There is something brave and frank about this man, not quite the angry white guy who is supposed to have created Newt Gingrich, but not a satisfied man either.

He wants to stand up and deal with his own life, he wants to be a nice guy but he doesn't want to be pushed around. He's no dinosaur but he's not buying the whole feminist agenda either. Job pressures and family pressures are getting worse, and yesterday's solutions don't apply. This is everyman for the millennium.

"Men today who are in their 30s and 40s encounter all sorts of situations that their parents never did," said Edward Kosner, editor-in-chief of Esquire, which is refining its own coverage in response to the fitness trend. "We're all dealing with new stuff, and there are no guides for this."

Baby boomer men weren't prepared for what was going on, how it would all change, how wives would

work and be paid as much as we are and expect us to change diapers," said David Lehmkuhl, a former advertising man who works as an editorial consultant for various American outdoor magazines. "Marketers are trying to find ways to reach [baby boomers] beyond television. Very few magazines have been able to age with them."

The evolution in the magazine market, along with growth in retail stores for men and in the cosmetics and fragrance markets, is also an example of how the fashion industry has become synonymous with popular culture.

There is for all practical purposes no dividing line between fashion advertising and magazine fashion spreads, as there is no dividing line between rock performances and rock advertising — popular culture is one big promotional video, and fashion makes the man.

At the same time, men's magazines tend to advertise themselves as looking for that elusive creature, the regular guy. After the "style decade" of the 1980s turned men into fashion victims, in the '90s men's magazines say they are looking for "real life."

"The men's clothes and cosmetics market has changed," said Peter Howarth, editor of Arena, the first of this crop of British men's magazines, launched in the 1980s by Nick Logan of The Face, and which Howarth describes as an "arts-based style magazine."

"In essence, the 1980s were a period when it became acceptable for most British men to become interested in the way they look and to discuss it," he added. "From a subculture, it became a mainstream thing."

"I would suggest that the difference is that fashion alone is less important," said Francis Conam, executive editor of the newly launched British Men's Health. "The '80s were about Comme des Garçons suits and Montblanc pens. People wanted to display their status. Now people think that's tempting fate. They want to look employed, or employable. People are a little more pu-

ritanical. In a less flamboyant sense people are very interested in style as opposed to fashion."

"The lives of men have really changed a lot in the last 20 years," said John Atwood, executive editor of Men's Journal, published by Wenner Media, the publisher of Rolling Stone.

"The emphasis is on the outdoors and fitness and health, and Men's Journal reflects that." He added: "We attempt to cover all aspects of life as they apply to active guys, not couch potatoes. Ordinary guys who have a job, but also have wives and kids and weekends."

"Men now go shopping for themselves," said Rosie Boycott, editor of British Esquire. "It's a lot to do with the '80s. It's to do with people having more disposable income at a younger age. You are allowed to care about clothes. I think skin care still wobbles in a dangerous zone." She added: "It's no longer hip to be 25 and not know how to cook."

"Men and women's roles are becoming increasingly similar," said Gill Hudson, editor-in-chief of the newly launched Maxim in Britain.

Maxim is a high-testosterone magazine that sees itself as an antidote to more gentlemanly magazines that sell expensive cufflinks and show men "wearing too much hair gel."

"We all go out to work now, we all are raising families, we all do the same things," Ms. Hudson added. "Things have changed dramatically for the white middle-class male, and life is very uncertain all of a sudden."

Maxim looks at "relationships, money, car, jobs, home and family, down to earth stuff," she said. "We don't say fashion, we call it clothes."

Every magazine has its own take, and its own age target, but they come back to the service basics: personal problems and what to do about them. Sometimes that turns out to be cosmetic surgery, which is increasingly popular with men — from facial sculpting and pectoral building all the way to the perhaps inevitable penis implant.

Is the similarity to women's mag-

azines only superficial? "Guys like to be talked to and dealt with in an entirely different manner" than women's magazines do, said Atwood of Men's Journal. "Women's magazines are pornographic, desperately cynical, they talk down."

"There is a very real difference in the way women talk to each other and the way men talk to each other," said Stephen Perrine, articles editor of American Men's Health, which has outdistanced both Esquire and GQ with a circulation of about 1.2 million. "Men who try to talk are usually fishing or working on a car or running together, which allows for quiet conversation to creep in."

Perrine said that most magazines have an anti-man bias: "Men are tired of being told what to do by the opposite gender." His magazine is "not just a health magazine; we're a man's lifestyle magazine." And that means clothes, although Perrine said: "We don't like to use the 'f' word."

"I look at this as a new generation of men who have an emotional life, a spiritual life. They are not threatened by it," said Joe Dolce, editor-in-chief of Details, which runs 24 pages of fashion a month as well as personal essays about sex and so on. Dolce describes Details as "a youth culture magazine for guys." Details was first to have a female sex columnist, now others are imitating, he said.

GQ and Esquire, the traditional mainstream men's magazines, remain by far the most readable and the most likely to attract crossover readership from women. But the playing field has changed.

"Instead of a two-magazine field — or two and a half with Playboy — it is a five-and-a-half magazine field and that just changes the landscape for everyone," said Kosner. With its December issue, Esquire is adding "a section devoted to male psychology, fitness, situational ethics, diet and sex."

KATHERINE KNORR is deputy editor of the International Herald Tribune.

Shows Open in Burst of Color

By Suzy Menkes

PARIS — With manual and electronic bag searches and sniffer dogs on patrol, the ready-to-wear collections opened Friday at the Carrousel du Louvre.

Last month's terrorist bombs in Paris have put the fashion shows on red alert, with complex filtering and identity checks that make the purpose-built complex resemble an airport terminal.

But this has not deterred buyers and journalists, including a posse from the former Soviet Union, from registering, according to Jacques Mouclier, president of the Chambre Syndicale, fashion's ruling body. He has the responsibility of evacuating the official show site in suspicious circumstances, although many presentations are held in obscure spots all around town.

A swimming pool — all aqua blue walls and athletic life-guards as ushers — was the venue Friday for Belgian designer Dries Van Noten, who sent out Everywoman — all ages and types — wearing his simple clothes: pants suits lightened by flimsy fabrics; long, wrapped skirts in tablecloth checks and pointed-collar shirts — easy over pants, elongated as dresses or worn as a breezy coat.

It was a fresh show of real-life clothes with a focus on fabric, detail and rain-washed colors, but not an attempt to address fashion's future.

If there is such a thing as futuristic fashion, it was in the bright, bold collection in laminated fabrics sent out by the Japanese Junya Watanabe. From lips tipped with silver to feet in one-toe fluorescent socks, the clothes had a merry modernism.

This scion of Comme des Garçons used all those polychromatic finishes to give a sheen to the yellow, blue, pink or green tunics and pants that opened the show like a burst of computer graphics. Watanabe also creates intricate cuts in spiders' webs of seaming.

Thierry Mugler was out on another planet, spinning in perpetual orbit, where women in intergalactic white are sculpted like glacial sex objects.



Unisex polo sweaters and pants by Dirk Bikkembergs.

This season, add flying-saucer hats, since Mugler's take on the oh-why-don't-they-go-away 1960s started with an homage to Pierre Cardin — all cape-back jackets and drawn-with-a-compass dresses. Click! Fast forward: but only to the 1970s for floaty caftans over plexiglass corsets. It all seemed witty as theater, but weird as fashion.

Mugler's other look was for the corset-tight suit, softened with gauzy duster coats or with flower prints. But he had a curvaceous version of this season's favorite safari suit, with pockets tipped aslant on the bosoms.

How the lingering whiff of the hippie era is handled is revealing of a designer's attitude. The skinny-rib knits and flat, low-waisted pants from the Belgian Dirk Bikkembergs were sharp and sexy; unisex even, since menswear was also on the runway. His algae-green collection (including the show-

room walls) was counterpointed with black, or with barrel flesh as the signature sweaters were sliced into a halter triangle with metal encircling the neck. The raw sexiness in the attitude and the use of technomesh fabrics gave the collection of slender separates a modern edge despite sly retro references.

One silver-painted eye and orchids in the hair, presaged romance from Koji Tatsuno. But his butterfly prints and complex jigsaws of seemed complicated. Jin Teok, the Korean designer who opened the Paris season Thursday, was on a Swinging London trip, which meant the inevitable safari jacket and hipster pants.

In a passageway of Indian merchants, sexpot models showed off the curvaceous and clinging clothes of Bertrand Marechal, one designer among many who, over the next week, will be doing their own thing.

Work Wear Reflects Big Changes for Women

Continued from Page 21

women didn't take to pantsuits in droves, but the show spawned articles and discussions about acceptable courtroom dress.

ANOTHER television program, "Melrose Place," suggested that shaped jackets and micro-miniskirts could be the foundation of an advertising executive's wardrobe. Women didn't suddenly begin slicing six inches from the hems of their skirts, but curvy, fitted jackets rose in popularity.

Casual Fridays have made knit separates welcome even at conservative offices. Dismantled dress codes have meant that leggings have turned up in some business suites.

Mostly, though, changes in women's career dressing have resulted in a completely revised definition of what can count as a suit.

It can be Giorgio Armani's flowing trouser suit, still a prerequisite for every Hollywood honcho — or, increasingly, honcho.

Donna Karan's sleeveless sheath and matching jacket qualify as a business suit. Sonia Rykiel's knit separates make the cut and can be considered suits.

"Unstructured jackets, sweater sets and a skirt, knit dressing, there's just been a whole softening-up of career dressing," says Joan Kaner, senior vice-president and fashion director for Neiman Marcus. "The whole return of the dress loosened everything up."

Understand, Ms. Kaner says, the changes in women's business attire should not be thought of as dressing down. Women still are as professional-looking, sharp and pulled-together as they were back in the days of the hard-edged power suit.

What has changed is the aggressiveness of their attire.



Hillary Clinton in China, top; Marcia Clark in court.



year old.

Zebra print day dresses at the bank? Absolutely, she says. "With a clean silhouette, you can mix up a bolder print. I mean, think back to the '70s when women wore very bold prints and they wore them to the office."

"We're not used to seeing that now. Your eye just has to adjust to it."

Fashion no longer is taboo in the office. More women now are in positions where they can feel comfortable reflecting their personality in their wardrobe. Instead of trying to be just like one of the guys, they can stand out from the crowd. More women also have the high-paying jobs that enable them to afford such experimentation.

Corporate women can be spotted wearing distinctive signature jewelry. Mrs. Clinton has admitted to enjoying experimenting with her hairstyles. One Detroit prosecutor caused a buzz because of her unusually long hair and fancifully painted nails.

As creative thinking becomes more valued in the workplace, creative dressing becomes more welcome.

Still, some rules are rarely broken and only occasionally bent.

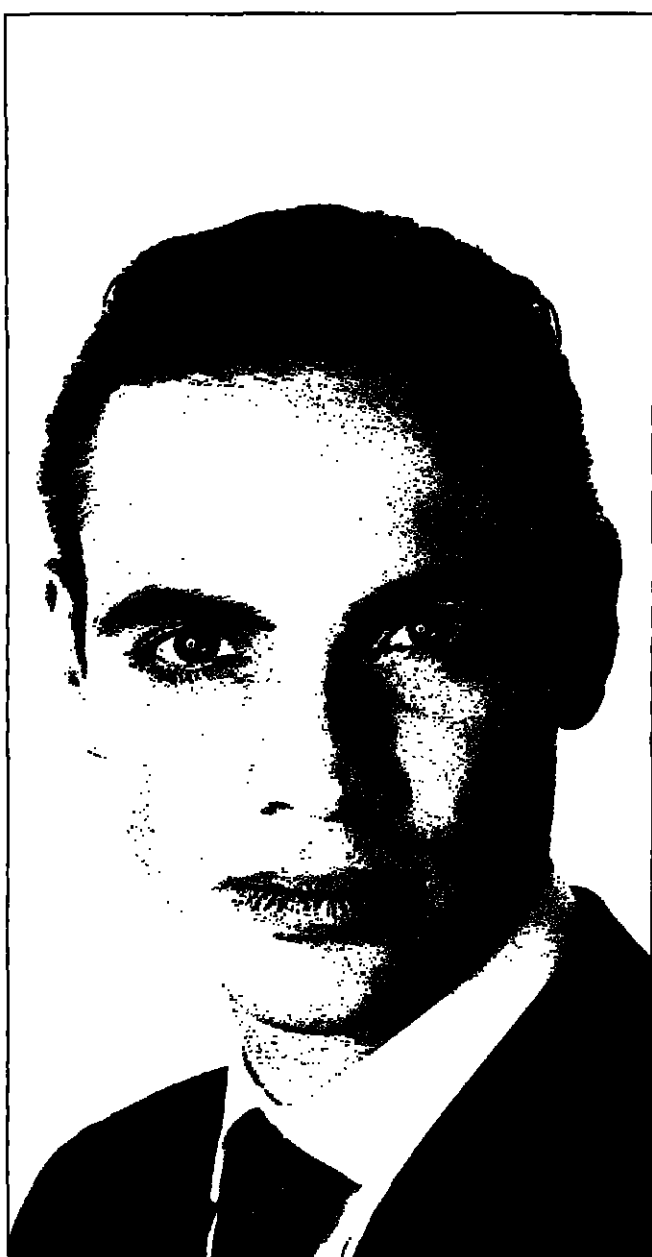
Except for the renegade fashion aficionado, pantyhose are almost always mandatory. Female lawyers still worry about wearing trousers into the courtroom, and even female judges are likely to look askance at such a practice.

But the evolution of women's workday wardrobes has been rapid — and that's worth applauding, says Mary Lou Luther, who has been writing about fashion since the '60s.

Consider that in the last five decades, women have changed out of employer-mandated uniforms into the navy blue dress-for-success uniform of society's making, and finally into a personalized uniform based only loosely on societal expectations.

That's not bad. After all, most modern businessmen are just discovering there's more to creative office wear than novelty-print ties.

ROBIN D. CIVILIAN writes about fashion for The Washington Post.



Gouverneur chronograph, platinum, self-winding mechanical movement.

French Fashion Faces Changing World

Continued from Page 21

the fashion world is apparently not affected.

"We have no evidence at all to show that people are not buying — the only effects seem to be on products where there is competition from a local substitute — like wine in Australia," says Jean-Marc Louber, marketing director of Louis Vuitton. Joyce Ma, the pan-Asian retailer, also says she has seen no sales reaction to the news.

If there were to be a fashion fallout in the Asia-Pacific area, it would be serious indeed for the French luxury industry, which owes its spectacular growth over the past several years to the Far East.

No major French house could afford to sell only to the French. Figures for the Comité Colbert, an agglomeration of luxury brands, show that only 25.9 percent of sales are in France and 13.1 percent are in the United States. But since 1984, revenues

in Asian markets have risen from 20 percent of the total to more than 35 percent, or 11 billion francs (\$2.2 billion).

"Fortunately for us, there is a liaison between the culture of France and luxury products," says Christian Blankaert, president of the Comité Colbert. "But it is not about nationality. Each house promotes its own spirit in the world market."

The traffic is also two-way. Asian designers who are successful in their home markets may seek the consecration of Paris or to extend their businesses to Europe.

The Japanese are also succeeding in promoting protégés, in a way that Paris couture has failed to do. Thus Junya Watanabe, who showed Friday, is sponsored by Comme des Garçons. Issey Miyake's patronage includes the Zucca line, showing Monday.

Fashion's cross-border culture also extends to manufacture and management. Many French labels are manufactured in Italy, or made from Italian fabrics — one of many confusing factors in the concept of

boycotting French fashion.

How are luxury goods identified with France faring? The most recent figures of publicly quoted French brands are impressive. LVMH, whose fashion interests include Céline, Dior, Givenchy, Christian Lacroix and Kenzo showed a first half increase in 1995 sales of 15.2 percent to 1.46 billion francs. At Louis Vuitton itself sales were up 23.1 percent.

Hermès International, which has put together a strong design team and shows on Saturday, reported in September a 76.5 percent increase in first-half sales, to 150.2 million francs.

Future earnings are more likely to be affected by the fate of the franc, dollar and yen than by a putative boycott.

In the market place, as among designers, Paris fashion is not a parochial, francophone or chauvinist gathering, but a cast of players on a global stage.

SUZY MENKES is fashion editor of the International Herald Tribune.

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FASHION / A SPECIAL REPORT

A Taste of Food and Fashion

Boutique Restaurants Bloom in Paris

By Nadine Frey

PARIS — Jerry Hall has dropped by, and so has Woody Allen. Fashion executives from the marble war-horses lining Avenue Montaigne come by for the caviar, brought in from the Maison de Caviar, and the home-made tiramisu.

There are fur-trimmed Fendi coats on one wall, Dolce & Gabbana moonboots on the shelves and nine television screens running fashion shows are over in the back. The plush red love seats, heavy velvet curtains baroque hammered-bronze end tables and blond wood bar are signed by Garouste & Bonetti.

Barely three months old, 51 Avenue Montaigne is already a style-compass of sorts for retail design in the '90s: a cavernous shop-cum-café where the sales help look like they've just flown in from a weekend in Cortina, and blond girls in Revlon sunglasses pause for champagne and nibble on pastries from Pouljaron in the six-table restaurant, which opens right onto the sales floor.

"It's a de luxe canteen," says owner Didier Lepinois, 35, who also owns the sleekly elegant Genny shop right next door. "The husband sits down to a glass of good bordeaux and cheese while the wife tries on clothes next to him. It's good for business."

Is there something intrinsically natural in the pairing of food and shopping? Apparently so, especially when the sybaritic delights afforded by each work to massage the consumer's mood into relaxing and opening up that pocketbook. Some say Joseph Ettedgui — who had a big hit with his first Joe's Caf in London — brought the idea to Paris when he opened a miniature "Joe's Caf" inside his Avenue Montaigne shop. But Paris has taken the idea and run with it with singular vigor.

From the sprawling, dizzyingly gay Hilton McConico-designed Le Touparry at the top of the Samaritaine department store, to the demurely proper Lenôtre tea salon in that

bedrock of chic in the 16th arrondissement, Franck & Fils, boutique restaurants are now fixtures in the '90s shopping scene.

For retailers, the synergy between café clientele and store clientele is a delicate goal.

When Lanvin first opened Café Bleu downstairs from its menswear store, it brought in the trendy restaurateur Patrick Lurier, who also managed the café inside Joseph's. The Café was a hit — but with a hip, black-leather jacketed crowd that tended to shake up the conservative shoppers upstairs. Exit Lurier.

Lanvin then engaged the chef Giles Epie (formerly of both Miraville and Campagne & Provence), but he took off for

For retailers, the synergy between café clientele and store clientele is a delicate goal.

Los Angeles this fall. Now Café Bleu takes culinary direction from the restaurant L'Oulette, and attracts a more sedate crowd of fashion executives from the nearby luxury houses as well as the occasional famous face, from Catherine Deneuve to Julie Delpy.

Decorated by Terence Conran, with armchairs designed by Armand Albert Rateau for Lanvin in the 20s, the café serves up roastbeef club sandwiches and light dishes under a menu heading *Taille mannequin*, as well as wines from the vineyards of Gerald Depardieu and grands crus at a reasonable 40 francs a glass.

"You are obliged to come through the store to get to the restaurant," says Abel Callaja, the director of Café Bleu. "You can't quantify the value of the restaurant to the store, but it certainly creates a good feeling."

"Fashion and shopping are both Epicurean pleasures," points out Hélène Huret, an official of Bernardaud's new tea

salon in the elegant new Galerie Royale. Bernardaud, a porcelain maker, went all out in the kitchens, engaging the services of one of Paris's top young chefs: Christophe Chabanel, 26, of La Dînée, whose signature *pot au feu* and *tarte fondante au chocolat* are brought over each morning to the month-old café by his own equipe.

The room itself, all Burgundy stone, eggplant upholstery and fern green walls, was designed by Olivier Gagnère, the hot young decorator behind the Café Marly. The gimmick here is you can choose both your tea and your tea services (the most popular choice being Gagnère's own green and white striped cups).

More Bernardaud porcelains are ensconced behind glass windows, like artwork, throughout the space, even in the bathrooms. "We hesitated for a long time before opening the café," says Ms. Huet. "And when we did we wondered why no one had thought of it before. And the store itself definitely has more traffic than it ever did."

On the more casual end of the scale, the fashion editors from Madame Figaro pick at plates of hot goat cheese and salad alongside of the models and photographers jamming the perennially popular café upstairs at Ventilo, a clothing store. And next door, at Le Shop, back past the snowsuit-minidresses, the sales girls smoking cigarettes, the high-heeled bowling shoes, and the pink glittering suede boots, is a high-tech bar serving coffee and beers all day long.

THE bar stools and tables look like aluminum lawn furniture; a naked Barbie and Ken are hung on the wall under a bubble of glass.

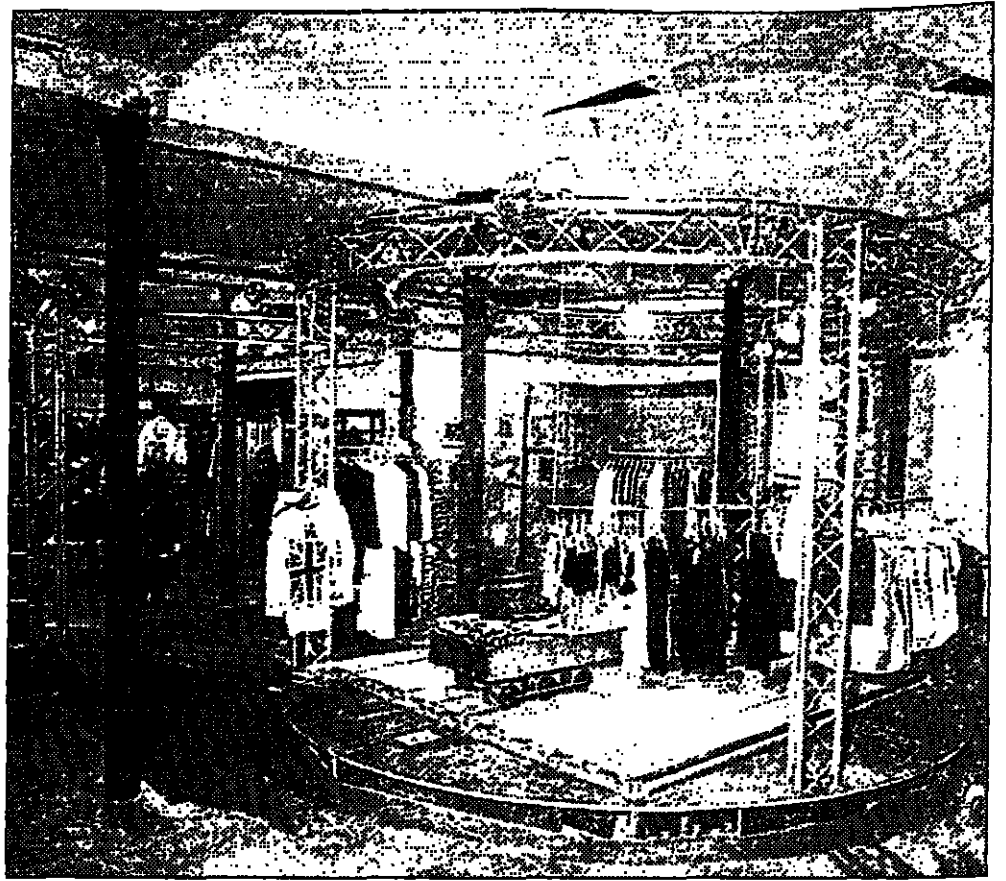
"We serve croque-monsieurs at lunchtime," shouts a blonde man named Ken from behind the bar, over the throbbing techno music that pounds off the steel wall supports and brick flooring.

There is no caviar, no grands crus; just croque-monsieurs. The crowd of kids hunched over the tables, listening to the pounding techno music, seem blissfully unmindful.

Curiously enough, the boutique café that started it all in Paris — the one that used to be in Joseph's on Avenue Montaigne — quietly closed over the summer. "When it was busy it was great," says Nicolas, the store manager. "Otherwise we were looking at a bunch of empty chairs and tables all day."

51 Avenue Montaigne, Paris 8e, tel. 43.59.05.32; Le Touparry, 2 quai de Louvre, 1er, tel. 40.41.29.29; Franck & Fils, 80 rue de Passy, tel. 46.47.86.00; Café Bleu, 22 rue du Fbg. St. Honoré, tel. 44.71.32.32; Bernardaud's 11 rue Royale, 8e, tel. 42.66.22.55; Ventilo, 27 bis rue du Louvre, 42.33.1867.2e, tel. 40.28.95.94.

NADINE FREY is a journalist who specializes in fashion and lifestyle topics.



Le Shop, one of Paris's hot new youthful fashion stores.

Paris Fashion Dresses Down

By Rebecca Voight

PARIS — A new generation of French designers is turning its back on chic and dressing down. These young designers with inexpensive collections, who have been influenced by that American invention, street style, are opening their own retail stores. The mood is creative, casual and affordable.

At Street Machine, a U.S. import shop in an alley near the Louvre, sweatshirts from youth brands like Stussy and Fresh Jive retail about \$100. "It's kind of a riotous effect," says the shop's buyer, Laurent Polisse. "Even old-fashioned French sport brand Ellesse is popular now because NY rappers wear Ellesse sneakers."

In the working-class suburb of Saint Denis, Créateurs Acifis is a community-sponsored association that provides start-up funds to youth for creative businesses like Ligne D, the clothing collection designed and produced by Christian Gamblin, 27. The collection is named after the rapid-transit train that serves the area. "Streetwear is a way of life," says Gamblin. "Kids take styles that aren't part of their world, and turn them around for their own look."

In Paris's underground Forum des Halles mall, a section has been turned over to young designers trying to lure fashion customers back to the shopping center. The promotion includes weekly fashion shows.

Among the 50 designers selling their wares here are some of the most promising new names in French style including Isabelle Marant, Hannah, Agathe Gonnert and Marianne Battie.

Launched in this make-more-with-less period, Erotokritos, in its second season, has a large retail space in the Forum and is also selling

wholesale. The clothes, designed by Erotokritos Antoniadis, 31, and produced in Cyprus where friends of the family have a factory, zero in on the current mix of easy pieces inspired by everything from army surplus to disco. Prices are kept low to attract a young customer, even though sales have taken off. A mohair dress edged in snakeskin for winter which retails under 800 francs (\$160) is the current best seller. "I'm not going to raise my prices because I have two pieces featured in Marie Claire."

A catalyst for the street surge in Paris fashion has been the trade fair Who's Next, which is part of the France Prêt-à-Porter salon. Its latest session, held in early September, united dozens of men's and women's brands around a giant skateboard ramp. The youth clothes included U.S. skateboard, surf and snow brands and London club wear labels as well as new French designers aiming to break with fashion's traditionally haughty image.

The French mail-order catalog, Les Trois Saisons, sponsored a pavilion for a half dozen young names who will each have one outfit featured in its Spring 1996 catalog.

One of these is Poulbox, inspired by the street kids of illustrator Poulbot and designed by Stéphane Royer, who created bullet-proof vests for a French uniform company before moving in with artist friends at Paris's Hôpital Ephémère and deciding to combine work wear with fashion.

Billed as a streetwear collection, Poulbox features zany takes on casual classics from T-shirts to jeans and jackets. Model-turned-designer Brigitte Yorke showed her rave-inspired Yorkie collection at Who's Next, but she also shows at the Bourse de Commerce, where she sells to stores like Louis of Boston. "I think

there is a void in affordable sportswear for fashion customers," says Ms. Yorke.

The designer describes her current look as "a mix of military, space and rap." It's full of easy pieces like pull-on velvet stretch pants, which she says "can go anywhere from a rave to cocktails." On the same wavelength is Paris-based Kristina Kofler, a former designer for Escada, whose simple collection from tube tops to siren dresses, in stretch fabrics from velvet to holograms, is designed to be worn in layers.

Both designers are fanatic about keeping prices low. Kofler's dresses retail at 600 francs and nothing in the Yorkie collection is priced over 800 francs. GR816 has carried on its casual-meets-elegant style with 816, a jean collection in denim, black and white drill and plaid ranging from the basics: evening dresses and priced affordably less than their main collection.

Paris retailing has also been revamped. New shops like Françoise & Magali off the Place des Vosges, feature limited edition, or one-of-a-kind pieces sold on consignment from young designers while others like Le Shop, located near the Place des Victoires, rent retail space similar to London's Hyper Hyper.

Le Shop offers a line-up of the looks young Parisians are wearing now, including Carhartt workwear, new French sport brands like Brittany's Kana Beach, produced by a group of surfers and Lady Soul, a collection inspired by rap girls accessorized with New York messenger bags by Manhattan Portage.

Françoise & Magali began retailing clothes from their friend Lamine Kouyate's Xuly Bet label when they opened a year ago. Today the store carries about nine designers including the bright, patch-together looks of Marc Lopez, who was sent to the store by Christian Lacroix; Catcho, designed by a pattern maker for Loris Azzaro; and Faute de Gout, a team from Rennes that has been so successful regionally that it is moving to Paris.

The hip Parisian's street-smart wardrobe wouldn't be complete without second-hand clothes. Thaxx God I'm a V.I.P., or TGV as it is known to aficionados, has cornered the market on the disco era. TGV's Sylvie Chateigner seeks out boys' size suits which the house tailor alters for girls and James Bond-style skiwear from the 1960s and '70s. Loud-patterned bell bottoms are turned into straight-legged pants, large evening dresses from the Charles's Angels period are narrowed down to size.

Perhaps the biggest streetwear look of all this season is military surplus. Young designers have taken up military and workwear styling and fabrics in their collections, but for some only the real thing will do.

Not seen since the late 1960s and '70s, when everyone from the Black Panthers to the Beatles lived in olive drab battle jackets, surplus goods are the big seller at youth stores like A'gn Ratz in Les Halles.

Street Machine, 5 rue

Baillif, 75001 Paris.

Forum des Halles, 1 rue

Pierre Lescur, 75001 Paris.

Le Shop, 3 rue d'Argout,

75002 Paris.

Françoise et Magalie, 5, rue

du pas de la Mule, 75004

Paris.

Thaxx God I'm a V.I.P., 60,

rue Grenada, 75002 Paris.

A'gn Ratz, 5, rue de Turbigo,

75001 Paris.

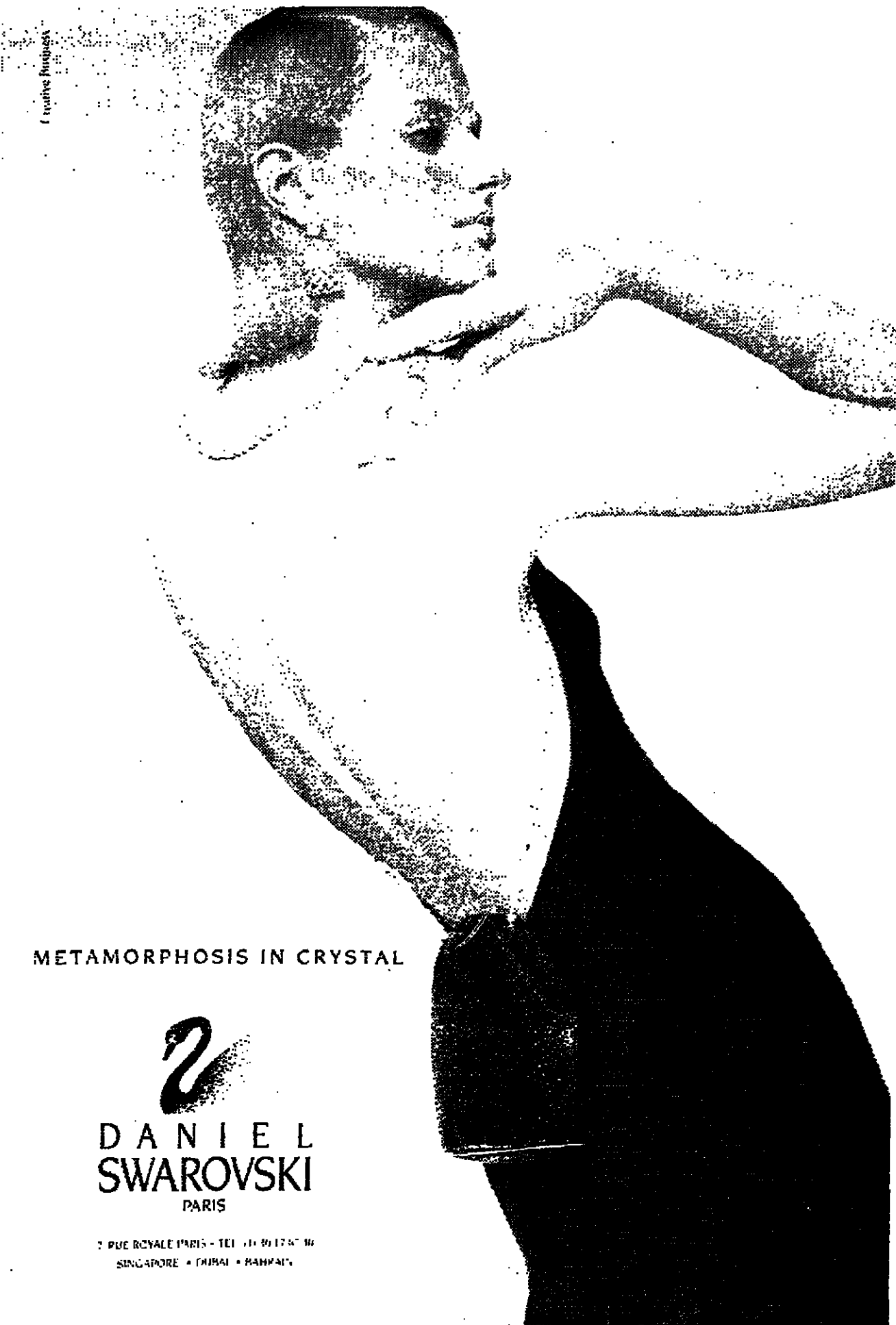
REBECCA VOIGHT is a writer

based in Paris who specializes

in fashion.



Where the fashion crowd lunches: 51 Avenue Montaigne, top: Café Bleu at Lanvin; Bernardaud's tea salon.



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FASHION / A SPECIAL REPORT

Counterfeit Crooks Show Sense of Style

By Conrad de Aenlle

LONDON — No one knows what the people who came into an Old Bond Street showroom through the roof one night in August were wearing (something simple in black?), only that their dress sense was impeccable. They ignored much of what was there and made straight for Christian Lacroix's brand-new 1996 spring-summer jeans collection.

The 400 or so garments that were taken have not been seen since, but there is a good chance that some that look a lot like them will show up just after Christmas in shops in Hong Kong, New York, Paris or even Moscow.

Collections are being robbed, often before they have been shown, with "remarkable regularity," as an official of one designer put it. Then they are mass-produced and sold as the real thing, usually abroad, which makes catching the thieves and manufacturers difficult.

Fashion theft is better organized, more productive and more professional than in the past. A decade ago, thefts typically were of one-of-a-kind creations that often ended up on the backs of extremely rich women. Today, middle-market goods are taken, and the counterfeits made from them are worn by many thousands worldwide. What used to seem more like a hobby has become an industry.

This reflects the evolution of the fashion business toward more practical and popular — meaning saleable — clothes. With the emphasis now on selling to the many, not the few, designers are anxious to have their work seen, when before they were anxious that someone might see it. Still,

they would rather that crooks were not the first people to catch a glimpse of their creations.

Interpol, the international police organization, last year set up a committee of industry and law enforcement officials to address counterfeiting of luxury goods, the first project of its kind. They agreed to monitor such crime more closely, but halting it, or even controlling it significantly, will be problematic, mainly for this reason: What one country calls a counterfeiter is seen as a job-creating entrepreneur somewhere else.

"You might reflect on the China-U.S. negotiations," Petri Knappe, an officer in Interpol's economic crime group, said. "It's difficult to make a distinction between crime and trade politics." Counterfeiting "gives employment in the countries of production. It's a double-edged sword."

Counterfeiting is regarded only as a civil matter in some countries, meaning police have little power to stop it. It is a crime elsewhere, and in still other places, it is in a legal no-man's land, falling in equal measure into the realms of civil and criminal law. Little headway is likely to be made until laws are harmonized across borders.

In the Lacroix burglary, at an agent's showroom where the collection was being shown to buyers before being unveiled in Milan last week, the police report says that the garments were taken off their hangers and stuffed into bags, presumably to allow the thieves to pass for cleaning staff.

"They had gone through and stolen specific pieces," said Camilla Van Gerbig, a Lacroix spokeswoman. "They knew what they were taking. They probably had orders for things." The French designer Roland

Klein, who is based in London, was the victim of a similar crime. A collection bound for Japan from London was stolen two years ago on the way to the airport.

In a second incident a year later, the luckless Mr. Klein had his London shop cleaned out by thieves.

"One would assume it was stolen to order," Sondra Arney, a Roland Klein director, said. "I don't think it was just an opportunist that took it to be flogged at the local market. We had to close the shop for two weeks at the height of the summer season. One assumes that someone, somewhere is arranging these things."

The somewhere in these and many other cases is thought to be Asia, where there is plenty of cheap labor to make knockoffs and plenty of young admirers of trendy Western clothes to buy them. But that applies to ever more places nowadays.

"The theory is it's always the Far East," Ms. Van Gerbig said, "but it could be closer to home." She noted that Eastern Europe, especially Russia, is increasingly seen as a hothead of luxury-goods counterfeiting. "There are so many markets for this sort of thing."

Mr. Knappe said that it is difficult to generalize about where counterfeit fashions are made and sold, but that Asia may be unfairly singled out.

"It seems to be that a huge part of these counterfeit products are marketed in Europe and North America," he said. "Then when we speak about where the counterfeits are produced, it's very difficult to be exact, but Europe is playing quite a big role in this area."

CONRAD DE AENLLE writes about economic topics from London.

The Dress Makes Triumphant Return

By Pat McColl

PARIS — Six months ago, in their fall/winter collections, many fashion designers foretold the return of the dress, a message fashion magazines and retailers were quick to pass on to their readers and customers.

And, for the first time in a long while, designers, editors and stores zeroed in on a reality: customers want and are buying dresses in Milan, Paris, London and New York.

"The success of the dress may be an indication of a move away from the power suit of the '80s," said Joan Kaner, senior vice president and fashion director of the U.S. department-store chain Neiman Marcus. "It has certainly become a strong option for career dressing."

At Galleries Lafayette in Paris, dresses from the store's private-label collection "Avant Premiere" have been selling to a young customer who has never worn one. Most sell for under 400 francs (about \$80) — and the shorter the dress is and if it has a little cover-up jacket, the quicker it sells, a Galleries Lafayette spokesperson said.

The nagging question of length may have something to do with the success of the dress this fall at Victoire, an avant-garde Parisian boutique. Internationally, most of the best selling dresses are above or just at the knee.

"Our customers just do not want a suit with a longer skirt," said Patricia Compain, who buys for Victoire.

"A dress is less austere, even sleeveless and without a jacket," Victoire's best-selling dresses are bi-colored wools from a French firm Paule Ka at roughly 2,000 francs, or "anything with the Dolce & Gabbana label at double the price," Ms. Compain says.

Another Parisian boutique, the sportswear-oriented Et Vous, added dresses for the first time this fall designed by Koji Tatsuno for the boutiques. The dresses, which



Prada's matte and shine dress; Hepburn in Givenchy.

Tatsuno calls "Kennedy-style," have been an instant hit.

In London, "Dresses are replacing a high percentage of our skirt business," said Susan Whitely who is head of fashion buying at Harvey

Nichols. A black crepe sheath from Calvin Klein at £500 (\$795) sold out at Harvey Nichols in three days.

"Simplicity is the key," said Anne Pitcher, fashion director at Harrods, where dresses have been selling strongly

across all categories. If it has a matching jacket or coat, it sells even better. Harrods's three best-selling labels are Gucci, Jil Sander and Prada.

Extensive press coverage of the Princess of Wales in her Gianni Versace dresses — she liked the dress so much she bought it in black and white — is expected to give an added boost to the dress business across Britain.

"Based on customer reaction, I can see the dresses becoming even stronger for spring," added Ms. Pitcher of Harrods's.

Ellin Saltzman, Senior Vice President of The Limited, the U.S. department store company, agrees.

"For spring, I think the dress and jacket will be very much with us," Mr. Saltzman says. "I'd say it will be little Courrèges shifts with Capezio flats; shirt dresses and more U-neck soft shifts."

At The Limited's Henri Bendel stores, dresses sell better in sportswear departments than dress areas as customers buy them as part of an outfit.

At Saks Fifth Avenue, the designer customer has been more interested in dresses, too. The best sellers are from Calvin Klein and Versace as well as A-line shapes from Bill Blass, Geoffrey Beene and Carolina Herrera.

Across the board, the best-selling color is black with small nods to camel. The best-selling shape is the sleeveless "Kennedy" or "Audrey Hepburn" dress inspired by the wardrobe Hubert de Givenchy created for the star in "Breakfast at Tiffany's" and "Sabrina."

The return of the dress has also sparked excitement in the accessories market: everything from Audrey Hepburn-inspired oversize sunglasses to mid-calf boots to smaller, metal-framed handbags.

Adds Victoire's Ms. Compain: "We love the look of these smaller bags, but our customer balks, complaining that there isn't any room for their portable phone."

PAT MCCOLL is a journalist based in Paris.

U.K. Mail-Order Gets a Touch of Class

By Liz Smith

LONDON — Shopping for British designer labels? You could start in Bond Street, Mayfair's celebrated shopping street where top London designers flank big international names.

Or you could pick out home-grown British design talent among the international names at Harrods or Harvey Nichols department stores in Knightsbridge and then head for the clutch of boutiques in Beauchamp Place or Brompton Cross, stopping for a bite of lunch, as the Princess of Wales does, at San Lorenzo or Daphne's.

Or you could opt for the easier route. Like more and more British women these days you could pull up a chair to the telephone and do your shopping from home with the Kingshill mail-order catalogue.

Kingshill was started just three years ago by Andrew and Patricia Davidson, a husband and wife team with no previous experience in the fashion business. But the pair have managed to root out the inbuilt British snobbery about shopping for clothes by mail.

Unlike the United States, where the sheer scale of the country often makes mail-order shopping a necessity, shopping by catalogue was traditionally a down-market exercise in Britain. It was the way the less well-off paid for clothes by installment and, in prehistoric days before credit cards, the "tally-men," as mail order company agents were known, called each week for payment.

Today Kingshill, with its glossy navy hardback cover and pictures by top fashion photographers such as John Swannell and Patrick Lichfield, a cousin of the Queen, delivers the cream of British fashion straight off the catwalk to some of the most exclusive addresses in Britain.

The Davidsons insist they never divulge the names on their growing lists of affluent customers — busy women with jobs and families who need smart clothes but have little time to shop around for them. And yes, they do deliver to "all the palaces," meaning the London royal residences, Buckingham, St. James's and Kensington Palaces.

"But we don't know who the royal consumer is," Patricia Davidson says.

The Princess of Wales, with her own hot line through to favorite designers such as Tomasz Starzewski or Amanda Wakeley, does not need to order through Kingshill. However, the green Starzewski shawl-collared suit she wore when she made her historic plea for "space and time to herself" and announced her retirement from official royal duties, was featured that season in the Kingshill catalogue. By the following day, Kingshill telephone lines were jammed. The suit was a sell-out.

Few boutiques or department stores in the country can offer as wide a choice of British designer clothes as Kingshill. In fact, Patricia Davidson claims to be the biggest buyer of British designer fashion in the world. Her customers can tap into the signature collections of designers such as Jean Muir, Nicole Farhi, Amanda Wakeley, Bellville Sassoon, Roland Klein, Mulberry or Joseph. She also has the pick of a gallery of



Available by mail order: An outfit by Jean Muir.

chic accessories, such as Anya Hindmarch's bags, Erickson Beamon jewelry and Georgina von Ezzdorf's luscious velvet mufflers.

There are now two glossy Kingshill catalogues — for designer Collections and the lower-priced, sportier Diffusion ranges — priced at £7.50 and £3.50 respectively. With the added allure of allowing customers to try on clothes in the privacy of their own homes, and experiment with items in their existing wardrobe, Kingshill's success is not surprising. Sales have reached £3 million, an increase of 100 percent since last year, and orders are received from 36 countries.

In 1992 Andrew Davidson, a chartered surveyor, was running his own modest property development and restoration business. Patricia was chairman of her family's engineering company, which manufactures elevators. The couple had just moved into Kingshill Grange, Patricia's family's 16th century house in the Buckinghamshire countryside to the northwest of London.

To celebrate the completion of renovations they held a garden party with fashion show in aid of Save the Children. The event raised £15,000 for the charity and the seeds of a new business venture for the Davidsons.

A casual suggestion that the designers involved might suc-

cessfully sell their clothes through direct-marketing by mail order, ricocheted back into the Davidsons' lap. Three months later, with a staff of four manning telephones and packing orders in the barn, the first modest Kingshill brochure was launched.

"It was an immediate flop," Andrew Davidson recalls cheerfully. "We only took 150 orders." A full-page ad in Harpers & Queen magazine that season did not improve sales but produced a string of letters from potential customers.

By the next season Kingshill was up and running. The Davidsons still listen to their customers, who dutifully fill in Kingshill's questionnaires. Jean Muir and Nicole Farhi both joined their roster of designers by popular demand, and remain among the company's top sellers, along with Paul Costelloe, Caroline Charles and Mulberry.

Deliveries are made within 48 hours of placing an order.

There are surprisingly few returns, even on fitted corset-topped evening dresses by Bellville Sassoon or Edina Ronay's bias-cut sheath dresses.

"Our customers know their designers' fittings," Patricia Davidson says. Designers and even stores, potential competitors, are upbeat about Kingshill. "All of us in the business held our breath for them," Caroline Charles says. "But they have found an appetite out there for designer clothes among women who have no time for shopping."

"They bring the designers closer to the customer with their editorial style in the catalogue. It's a different business. There is always the customer who likes to look, feel and try on in a store," says Anne Pitcher, fashion director at Harrods.

Kingshill, Little Kingshill Grange, Great Missenden, Buckinghamshire HP 16 0DZ. tel. 44-1494-890-555

LIZ SMITH is a journalist in London who specializes in fashion topics.

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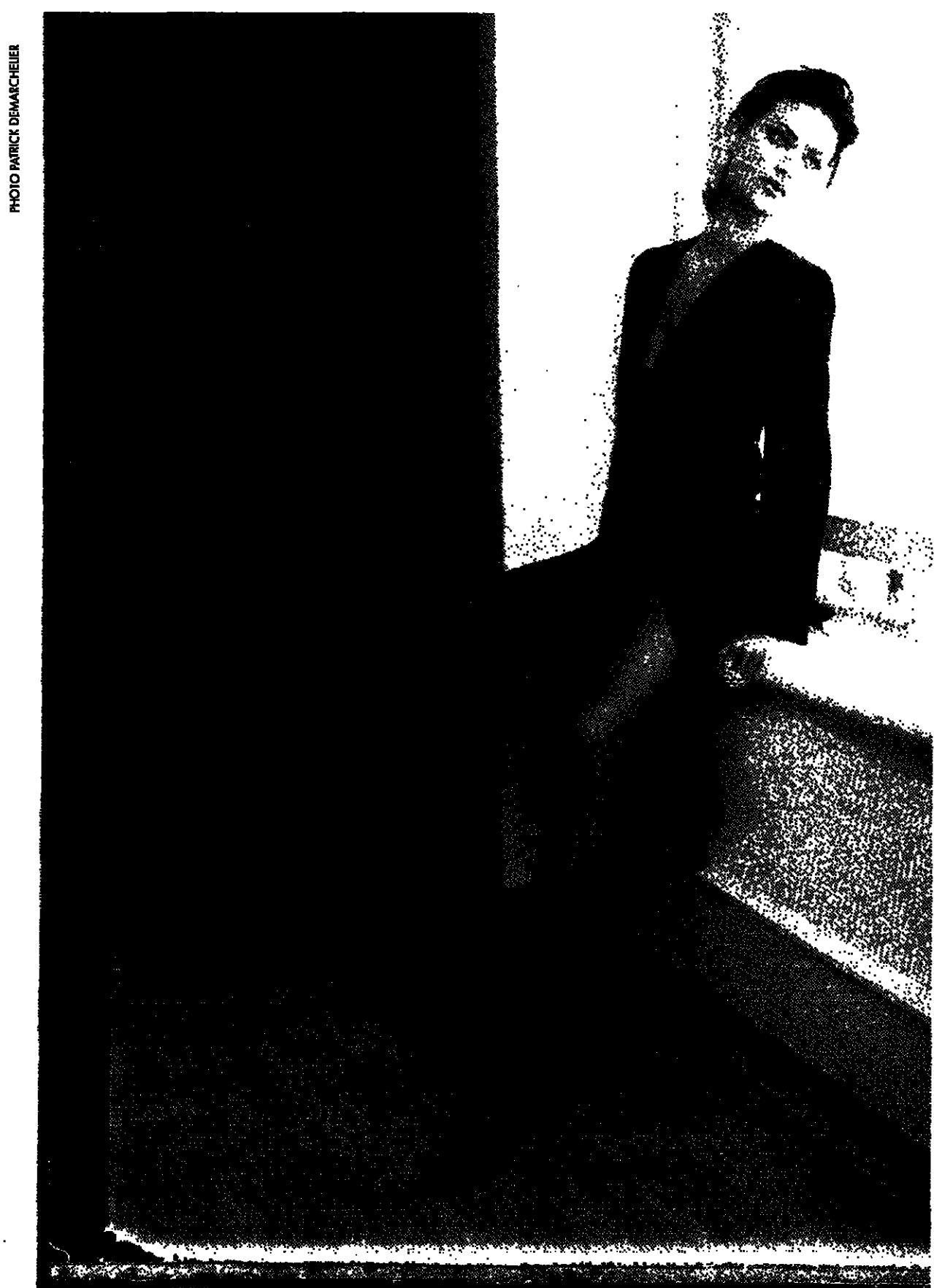
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Can Colts Pass the 49er Test? Rice On Target for NFL Receiving Mark

49ERS (4-1) at COLTS (3-2): Key stats: The 49ers defense has allowed just one touchdown on their opponents' 14 trips inside the 20-yard line. All the Colts games this year have been decided by 6 points or less.

Comment: The last two weeks the Colts have handed teams their first losses — first St. Louis, then Miami. The bubble could burst for the Colts this week, because the 49ers will test them in every phase of the game. Jerry Rice needs 137 yards to become the NFL's all-time leader in receiving yards. With Steve Young at the helm, Rice could break the record. Odds makers favor the 49ers by 10 points.

GIANTS (2-4) at EAGLES (3-3): Key stats: The Giants defense has given up a league-high 16 touchdowns on the 23 trips opponents have made into their red zone. Eagles opponents' average drive starts at the 34 yard line — the worst defensive field position in the NFL.

Comment: Both teams are trying to pull them

Comment: New England needs a Herculean effort to pull itself out of the nosedive that threatens its season. The Chiefs are not the kind of team that allows opponents an opportunity to get their bearings. Quarterback Drew Bledsoe has not thrown a touchdown pass. After five games last season he had thrown 11. The Chiefs haven't lost at home to the Patriots in 31 years. Chiefs by 7.

SEAHAWKS (2-3) at BILLS (4-1): Key stats: The Seahawks have lost just 1 fumble this season — fewest in the AFC. Buffalo's offensive line has given up just two sacks in the last four games.

Comment: Hard to believe, but Seattle has never played at Rich Stadium in Buffalo. They won't get a warm, first-time reception. Buffalo's offense isn't clicking as smoothly as it should, but their defense is positively smashing — as in crushing opponents. Bills by 8.

JETS (1-5) at PANTHERS (0-5): Key stats: The Jets are giving up twice as many rushing yards (161.2) as they gain (88) in each game. The Panthers have scored just 79 points — second fewest in the NFL.

Comment: The Jets aren't playing any better than an expansion team. They can't run the ball and they can't stop the run. They can't pass the ball and they can't stop the pass. And they're mistake prone on kickoff and punt returns. Boomer Esiason is sidelined with a concussion. Bobby Brister gets the start. Jets by 2.

COWBOYS (5-1) at CHARGERS (3-3): Key stats: The Cowboys have scored an NFL-high 16 touchdowns on 25 trips inside opponents' redzone. Natrone Means leads the AFC in rushing with 537 yards on 133 carries.

Comment: It's a short week for the Chargers, coming off a Monday night loss to Kansas City. It doesn't help when you're going up against Dallas. Junior Seau has a sore hamstring and that's a bad thing to have when Emmitt Smith is across the line of scrimmage. Cowboys by 7.

DOLPHINS (5-1) at SAINTS (0-5): Key stats: The Saints have recorded 21 sacks — the most in the NFC. The Saints are averaging just 2.8 yards per punt return — the lowest in the NFL.

Comment: Dan Marino is out following arthroscopic surgery on his knee. Bernie Kosar is in. Kosar is smart and capable of running the Dolphins offense. It doesn't hurt that he has to go against the Saints. Dolphins by 7.

REDSKINS (2-4) at CARDINALS (1-5): Key stats: Due to Brian Mitchell's league-best 29 yard average on kickoff returns the Redskins average drive starts at the 32 yard line — tops in the NFL.

Comment: The Cardinals got some good news this week. Defensive tackle Eric Swann returned to practice for the first time since arthroscopic knee surgery a month ago. Too bad Swann isn't able to play. Arizona has been missing a force in the middle. They'll need plenty of help to stop running back Terry Allen, who is second in the NFC in rushing behind Emmitt Smith. Cardinals by 3.

RAIDERS (5-1) at BRONCOS (3-3): Key stats: Oakland's opponents have scored just eight times (4 touchdowns, 4 field goals) on 17 trips inside the red zone, while the Raiders have scored 24 times (15 touchdowns, 9 field goals) on 25 opportunities.

Comment: This is another one of those intense AFC West rivalries. The Raiders are flying high, having scored a team record 129 points in their last three games. The Broncos have been on a roller-coaster. Raiders by 3.

These matchups were prepared by Timothy W. Smith of The New York Times. Odds were provided by Harrah's.

NFL MATCHUPS

selves up from the muck of the NFC East basement. The Eagles have a little more breathing room than the Giants. A loss by New York will severely jeopardize its chances for the playoffs. Quarterback Rodney Peete seems to have gained the confidence of the players around him and seems comfortable as Eagles starter. Giants by 3.

BEARS (3-2) at JAGUARS (2-4): Key stats: Quarterback Erik Kramer has thrown 133 passes without an interception and has been sacked just 4 times — an NFL low. The Jaguars have scored on 10 straight trips inside the opponents' 20 yard line (7 touchdowns, 3 field goals).

Comment: There is no longer a quarterback controversy in Chicago. Kramer is the man — for now. He's the No. 3 rated passer in the NFC and has taken every snap this season. The Jaguars have put together back-to-back wins with an impressive effort against Pittsburgh last week. But no modern era expansion team has won three straight games. Bears by 7.

LIONS (2-3) at PACKERS (3-2): Key stats: Brett Favre is completing 64.8% of his passes on third down. The Lions have given up 14 sacks, but have lost just 51 yards on them.

Comment: After a miserable start the Lions have put together two solid victories against the 49ers and Browns. Barry Sanders and Scott Mitchell seem to have found a way to work together. Sanders broke out for 157 yards and three TDs rushing last week and will have to be on this week, because the Packers have the No. 1 ranked pass defense in the NFC. Packers by 4.

VIKINGS (3-2) at BUCCANERS (4-2): Key stats: Nine Vikings defenders have at least 1 interception. The Bucs defense has allowed just 6 touchdowns in six games this season.

Comment: Tampa Bay is leading the division for the first time since 1979. They're getting good production from quarterback Trent Dilfer, running back Eric Reth, who has scored 12 of the team's last 14 rushing touchdowns, and their defense. Quarterback Warren Moon is completing 63.3 percent of his passes and running back Robert Smith seems to have hit his stride. The Vikings big-play, opportunistic defense could be the difference in this game. Vikings by 3.

PATRIOTS (1-4) at CHIEFS (5-1): Key stats: The Patriots have been inside their opponents' red zone 21 times, but have scored just 3 touchdowns and 6 field goals. Five of Steve Bono's 12 touchdown passes have come in the fourth quarter.



Costantino Rocca was all smiles Friday after his match-play defeat of Ben Crenshaw.

Elkington Tops Montgomerie in PGA Rematch

By Ian Thomsen
International Herald Tribune

VIRGINIA WATER, England — Steve Elkington, with his simple balance and effortless power, would convince you that anyone can play scratch golf. His opponent, Colin Montgomerie, was making it look like a big man's game.

Otherwise there was little to choose between them as Elkington won their 36-hole quarterfinal, 3 and 1, in the World Match Play Championship on Friday.

Elkington, an Australian, won the 17th and 18th just before lunch for a two-hole advantage; at the afternoon 13th, as Montgomerie was sizing up a birdie putt that might have drawn them even, Elkington was chipping in from 45 feet to birdie it himself and go 2 up.

It was an unhappy rematch for Montgomerie, the Scot who lost the PGA two months ago when Elkington beat him in a sudden-death playoff. Montgomerie has probably replaced Corey Pavin as the best player without a major title (although in America they keep talking up Davis Love 3d).

Time after time, the Scot hoisted his enormous hips down and through the ball with all of the comical, beautiful rhythm of a Jackie Gleason two-step. While he seemed to be letting his body do all of the work — a perfect example of something the golf teachers can never quite explain — the tendons in his wrist, his skinniest link, were nearly exhausted.

Every shot has been painful for quite some time, Montgomerie admits. The doctors want him to rest, but he is clearly a man who doesn't listen to them. He plans to play for the rest of this month to win the European earnings title for the third straight year — and then to keep on playing stubbornly, respecting the commitments he has made internationally.

Anchored in Montgomerie's half of the draw was Ben Crenshaw, who is the closest thing America knows to golfing roy-

alty. An historian of the game, he studies the world's most famous courses in a personal, possessive way, like one king judging another's castles. He was born and raised in Texas, heir to Byron Nelson and Ben Hogan, his regal life there burned into the creases of his face, which made it all the more impressive to see him losing by eight holes to the pudgy Italian factory worker Costantino Rocca.

Probably the time has come to stop crediting Rocca for his past, because he did already beat Crenshaw in the Ryder Cup last month, but this — this was like Jerry Lee Lewis playing Chopin standing up and outdoing Van Cliburn. Sometimes you wonder if Rocca is psyched out by the differences in pedigree, and Friday was one of those times as he allowed Crenshaw to win back five holes out of eight in the afternoon.

But that was the best Crenshaw could do, losing 3 and 2 to Rocca. To be fair, Crenshaw didn't arrive in London until Thursday morning after seeing a specialist for an apparent kidney problem. He was waiting to receive the test results by fax Friday night. "I don't think it can be anything too bad, because I feel so good," he said.

Ernie Els of South Africa, despite having played one week in the previous five, shot 64 in the morning for a 4 and 3 beating of American Lee Janzen in a match of former U.S. Open champions. Waiting for Els on Saturday will be the world's hottest player, Bernhard Langer of Germany, who beat Nick Price, the world No. 2 from Zimbabwe, by 1 hole.

"The last three and a half weeks have been very demanding on me," Langer said. "I haven't played this much golf in 15 years, 10 years at the least. I asked Sam Torrance yesterday how many weeks he's played in a row. He said 18. I said, is that the longest for you, and he said, no: 10 years. How can you play 10 years in a row? He never missed a tournament. You would have to tie me up and lock me away."

In Battle for NFC West, Rams Overcome Falcons

The Associated Press
ST. LOUIS — Isaac Bruce wouldn't let special teams mistakes and turnovers stop the St. Louis Rams.

Bruce caught 10 passes for 191 yards and two touchdowns, his third 100-yard receiving day in four games, sending the Rams past the Atlanta Falcons 21-19 Thursday night in an unlikely battle for first place in the NFC West.

Bruce has caught six touchdowns passes in his first year as a starter. In the last two games, he has totaled 372 yards receiving. He set up one of the scores when he ran 51 yards off a lateral on a punt return from Todd Kinchen to the Falcons 9 late in the first half.

The Rams have been successful on that play the last two games, but special teams, a big plus in their 4-0 start, nearly did them in this time. Kevin Ross returned a blocked field goal

attempt 83 yards for a score in the second quarter and Eric Metcalfe returned a wobbly Sean Landeta punt 66 yards for a score in the third quarter.

The Rams also had a fumble and an interception. After committing no turnovers the first four games, they've had four the last two games.

Tony Zendejas's second field goal of the game, from 45 yards with 11:58 to go, cut the gap to 21-19. But the Rams ran out the final 6:36.

Chris Miller completed 27 of 38 passes for 328 yards for St. Louis and Jerome Bettis had his best day of the season with 88 yards on 19 carries.

Jeff George was 16 for 30 for 160 yards for Atlanta (4-2).

Hodgson Gets Swiss Go-Ahead

The Associated Press

BERN — The Swiss soccer federation agreed Friday to let Roy Hodgson, coach of the national team, join Italy's Inter Milan provided he stays on as part-time coach of the Swiss squad.

The decision will allow the Englishman to fulfill his dream of coaching a top league team and of accompanying Switzerland to the European Championships in England in June.

Hodgson announced Thursday that he had asked to be released from his contract, which expires at the end of June 1996.

Inter has apparently agreed to the settlement, as the Italian league ends before June. Hodgson's deputies Karl Engel and Hanspeter Zangg will be in charge of day-to-day affairs.

Comaneci in America: A Star Is Reborn

By Kevin Sullivan
Washington Post Service

SABAE, Japan — On a November night in 1989, seven silent figures crept and crawled for six hours through snowy woods along the Romanian border with Hungary. They had been told not to talk or strike a match, because Romanian border guards would shoot defectors.

Nadia Comaneci, who 13 years before had won the world's heart with her gymnastics at the 1976 Montreal Olympics, remembers the snow crunching beneath her in the darkness. She remembers the fear and the hopelessness that drove her to flee the vicious regime of the late dictator Nicolae Ceausescu with nothing more than the denim jacket on her back.

"They said if the border guards hear us, don't try to run because they will shoot you," Comaneci said. "But I didn't have anything to lose."

In the six years since Comaneci fled Romania, the pendulum has swung fully back in her favor. From the high of 1976, when she lit up the world in Montreal with the first perfect score of 10, to the terrifying low of her long crawl to freedom, Comaneci is back on top.

She is royalty in her sport. At the World Gymnastics Championships last week, she was treated like a diva. She had a contract with a public-relations firm to serve as a sort

of ceremonial ambassador for the competition.

Personally, she's also living the good life. She is engaged to Bart Conner, a former U.S. Olympic gymnast who is an ABC television commentator.

She and Conner run a gymnastics academy in Norman, Oklahoma. They stage exhibitions and, a month before her 34th birthday, she still gets up on the uneven parallel bars. They have built a house together, and life is sweet enough so that last year Comaneci donated \$100,000 to the Romanian gymnastics federation.

"It's like I'm reborn," she said. "To be sincere, I didn't expect to be this way. I realized I had a pretty big impact on gymnastics because of the first 10. That's what people remember. But I also knew that over the years, things come and go. New champions come and go and people forget."

"I didn't know this thing was going to stay with me," she added. "My life, what I have right now, is all because of that."

The man who discovered Comaneci when she was a little girl and coached her to the top of the sport was Bela Karolyi, who himself defected to the United States and now serves as coach of the U.S. national women's team.

"I believe that life made justice for Nadia," Karolyi said. "I'm very happy she managed to break out. She broke out in a way that takes guts, and she built back her

life, which is today the one where I always wanted to see her. Very few people who haven't gone through this will understand adjusting and rebuilding your life in a system you are not accustomed to. That's why I was so worried about her at the beginning."

The adjustment was not easy at first for Comaneci. When she arrived in Hungary in 1989, she was taken into custody by the authorities. They were sympathetic, but Comaneci believed she might be returned to Romania, so she sneaked across another border, this time into Austria, where U.S. Embassy officials immediately offered her asylum and sent her to the United States.

In her early days in America, sad images of Comaneci began emerging. The man who helped her defect kept her as a virtual prisoner, and took advantage of the value of her name. Comaneci appeared in photos, overweight and wearing too much makeup.

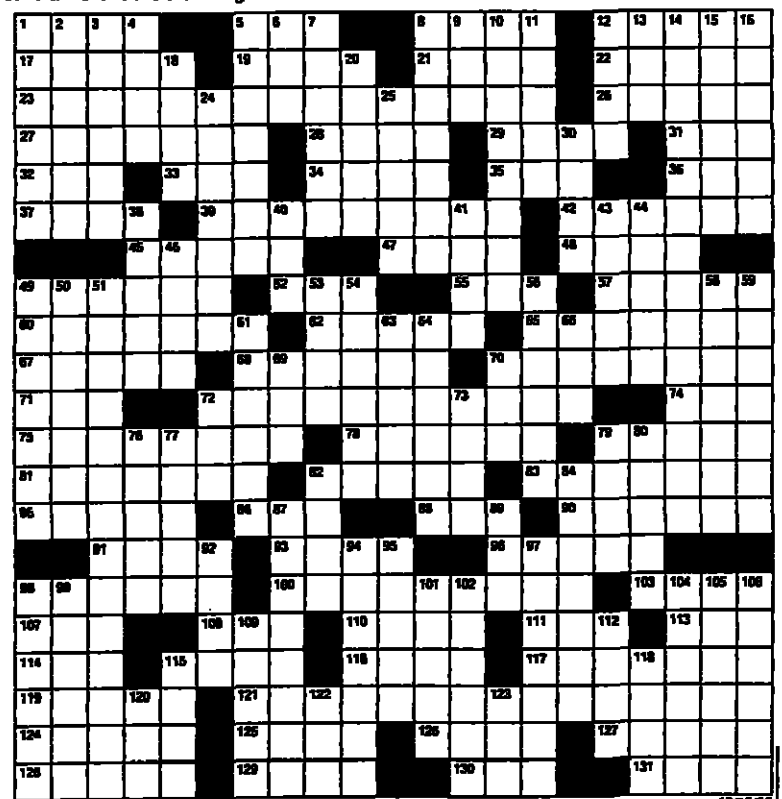
With help from friends in the gymnastics world, including Conner, Comaneci straightened out her life and began building it anew.

"It's been interesting to see her change," Conner said. "She became tough. She became cold. She became hard. A lot of Eastern European women seem to be that way. That's how they have to be to survive. Now she's growing up under a different set of circumstances. She's kind of regrowing up, in a way."

RETRONYMS* By Mel Rosen

*More descriptive names to differentiate old things from their new forms

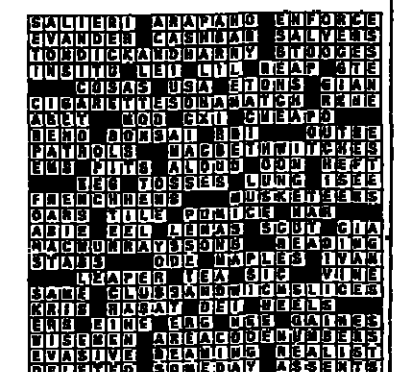
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|--------------------------------------|--------------------------------|-----------------------------------|
| ACROSS | 37 Undershirts | 78 Sign of spring |
| 1 Relative of "oy" | 39 Coffee additive | 79 "A Garden of Earthly Delights" |
| 5 Early poet laureate Henry | 42 Words before cuff or record | 80 Novelist |
| 8 Mine vapor | 45 Speak in a high voice | 81 Think through |
| 12 A lot | 47 "Woe" | 82 Wined and dined |
| 17 Piche's star | 48 Supermarket department | 83 Going price |
| 19 King Duncan's resting place | 49 Traveled with the thing | 85 Fargo's partner |
| 21 Mixed bag | 52 Postal service, once Abbr. | 86 Rather than |
| 23 "My Fair Lady" locale | 53 "— was saying" | 88 Census detail |
| 25 The press | 55 "— was saying" | 90 Refuses to deal with |
| 26 Animal track | 57 Be silent, in music | 91 "Jaws" |
| 27 Attempt to escape | 60 Defenseless | 96 Big Sky conference team |
| 28 "Beetle Bailey" dog | 62 Durable wood | 98 Big name in |
| 29 Fill in (for) | 65 Quelli, as rioters | 100 Idiom participant |
| 31 "— supra (where mentioned above)" | 67 Dishes (out) | 103 Win at cat-and-mouse |
| 32 Singer Stevens | 68 Juice extraction device | 107 Latin 101 verb |
| 33 Ruben's base | 70 Ballet star | 108 "— dancing" |
| 34 "Billy" (Keith Waterhouse satire) | 71 Dallas inst. | 110 Group of badgers |
| 35 Bar intro? | 72 Popular sporting event | 111 California has a big one |
| 36 Pathetic | 74 Business inits. since 1820 | 113 Southern Australia's — |
| | 75 Early clock | 114 George's predecessor |
| | | 115 Ardor |
| | | 116 80's-70's pitcher |
| | | 117 Moorish castle |
| | | 118 Papyrus's family |
| | | 121 Communications device |
| | | 124 Crosswise to the left |



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| DOWN | 1 Air | 15 Bureaucratic bling | 61 Sugarcoated medication | 98 1939 invasion site | 109 Pembroke pooch |
| 2 Young insects | 3 Fly | 16 Unit of progress | 63 Bowler's button | 99 Simple creature | 112 "Bill paid" paper. Abbr. |
| 4 D.C. figures | 5 Show the way | 17 Child's order? | 64 Thick hangers | 101 Holds back | 115 Beatus |
| 6 "— Send Me" (Sam Cooke hit) | 7 Join up | 18 Looks after | 66 Photo abbr. | 102 Mother's whistler | 118 Sound of a break-in? |
| 8 Colorado (tributary) | 9 "Rope-a-dope" boxer | 19 Mud nesters | 68 Size up | 104 Make a board decision | 120 Interslice |
| 10 In town (or out late) | 11 Apple and pear | 20 Podium pauses | 70 Judo degree | 122 Mikhai of chess fame | 123 Flair for music |
| 12 Chaser | 13 Clairvoyant's claim | 21 Gist | 72 Remain | 105 Plummer of film | |
| 14 Singer's accompaniment | | | 76 One in a fine mess? | 106 Most perfect | |
| | | | 77 Recedes, disease-wise | | |
| | | | 79 Mus. ensemble | | |
| | | | 80 Like the game, to Sherlock | | |
| | | | 82 Moonwort, for one | | |
| | | | 84 Chiefly | | |
| | | | 87 Decorative furniture veneer | | |
| | | | 89 Top-of-the-watch number | | |
| | | | 92 Execute perfectly | | |
| | | | 94 Decorative knot of ribbons | | |
| | | | 96 Kind of word | | |
| | | | 97 Makes portable, in a way | | |

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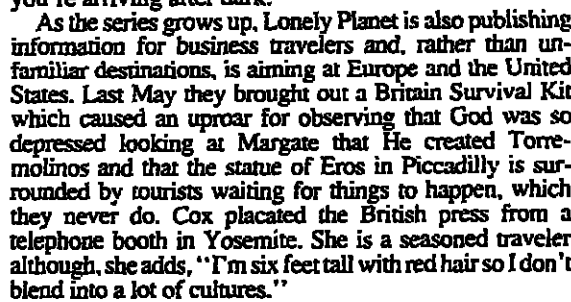
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I refer here to what goes on during Ranger Orientation, which takes place before the parade in Ranger Ted Shields's garage. This is where we Rangers get ourselves into peak physical and mental condition by consuming refreshing beverages

For the next solid year, American voters are going to be relentlessly bounded by presidential contenders, all of whom are going to assure us that they represent mainstream, heartland values. I say to those candidates: Maybe not everybody in the heartland has exactly the same values. Maybe it would broaden your perspective to come to Arcola next fall, march with the Rangers, hang out in the beer tent, watch Ranger Reeder in action. He would make an awesome secretary of state.

Lonely Planet Takes a Look at U.S. Culture

In practical terms, the phrasebook is probably less useful than Lonely Planet's guides to the languages of Thai Hill Tribes or Nepali, but the principle, says Cox, is the same: to make the reader aware that he or she is heading to a very different culture. The U.S. phrasebook is also the first of a series of Lonely Planet American guides, starting with the Rockies, and, following form, it is



The "USA Phrasebook" fits into a jeans pocket and is not only for gritch-free travel but, Cox says, for trendy stay-at-homes. "The brilliant thing about this book is people won't have to wait for years for the trendy hip phrases to cross the Atlantic, we're bringing them over in advance."

In Design, Try the Intergalactic Spa Look

A happy exception is the fifth annual French Designer's Show House, which benefits the American Hospital of Paris. It opened Thursday for a month-long run in a 1920s mansion at 863 Lexington Ave. Asked to emphasize "*le style français*," its

A dashing man with the swagger of a matinee idol and the profile of Louis XIV, architect Thierry Despont has designed the most astonishing space in the French Designer's Show House.

The enigmatic combination of spectral light, black sheetrock walls and oversize mirrors (one rests in a far corner, as if rolled there by a gentle giant) conjure hypnotic images: Robert Wilson's stage sets, Saint-Exupéry's little prince, the universe floating beyond the cockpit of a space capsule.

DON'T blink in the new thriller "Jade," which stars David Caruso and Linda Fiorentino. You might be able to catch subliminal scenes that director William Friedkin has added to jar moviegoers and to hint at twists in the plot. "Most people watching a film are unable to perceive a twelfth of a second," Friedkin said. "But they do seem to affect people even though they're not conscious of what they're looking at." Friedkin, whose films include "The French Connection" and "The Exorcist," declined to say what images or scenes would be flashed before the audience. Most movies are projected at a speed of 24 frames per second.

Thirty years of touring by the Rolling Stones are to be captured in an official history of one of the world's most enduring pop groups. Dora Loewenstein, daughter of the group's business manager Prince Rupert Loewenstein, has been commissioned to work on the book with the band. The book will not be published until 1997 but is being heavily promoted at the Frankfurt Book Fair this week. Loewenstein has been given exclusive access to their archives . . . The Rolling Stones intend to sue the magazine *Der Spiegel* for stating that performances during their recent world tour included pre-recorded material, a lawyer for the rock group said.

Japanese conductor Yutaka Sado became the first recipient of a prize dedicated to the memory of Leonard Bernstein. The conductor won \$25,000.

Around 300 Russian cello lovers are expected to fork out \$1,000 each next week for prime seats at a concert given by cello virtuoso Mstislav Rostropovich. The master cellist will give the concert in Moscow Friday to raise funds for the reconstruction of the city's Christ Savior Cathedral, which was destroyed by Stalin in 1931.

Clint Eastwood's press agent and a studio executive swore in depositions that the actor is such a private person that he would never have granted an interview to the *National Enquirer*. Eastwood is suing the tabloid over a 1993 article that ran under the headline: "Dirty Harry Lifts the Lid on

MUTUAL CONGRATULATION SOCIETY — John Travolta jokes with co-star Danny DeVito at the premiere in Los Angeles of "Get Shorty."

On his vacation in China, Microsoft Chairman Bill Gates bought a clay replica of a nine-foot warrior statue unearthed 20 years ago near the city of Xian. Gates returned last week from a two-week vacation during which he says he studied Chinese history and art, rode a train along the Yangtze River and played bridge with famed investor Warren Buffett. Gates, who turns 40 soon, said that it was only his second true vacation since he co-founded Microsoft 20 years ago.

Irish-born actor **Pierce Brosnan** admits. He practiced the five most important words for his new movie role like no other actor: "My name's Bond, James Bond." He said he was optimistic his first role as the legendary Agent 007 in the soon-to-be-released "Golden Eye" would be a success, despite criticism the suave British secret agent character has become dated with the end of the Cold War.

Irish poet Seamus Heaney spoke of feeling humility at joining literary giants by winning this year's Nobel literature prize, and said the \$1 million it brings him would make little change to his life. "Money is not an art of mine," he said. "In fact I don't think about it. It is the magic, the thunderbolt aspect, that is the real thing in this

The Oscar won by screen playwright Herman Mankiewicz for "Citizen Kane," the only Academy Award the controversial 1942 film masterpiece won, will be sold by his heirs at auction on Dec. 18, Christie's said. Last spring Oscars for "Casablanca" fetched \$200,000 each and the best director award for "Gone With the Wind" was sold for \$750,000.

Europe

	Today		Tomorrow		W
	H	L	H	L	
Algeria	23/73	15/69	26/79	18/64	s
Andorra	18/58	12/55	18/58	11/52	s
Austria	23/73	15/61	27/80	17/64	s
Belgium	23/73	16/61	27/80	17/64	s
Bulgaria	23/73	16/61	27/80	17/64	s
Denmark	23/73	16/61	27/80	17/64	s
France	23/73	16/61	27/80	17/64	s
Germany	23/73	16/61	27/80	17/64	s
Greece	23/73	16/61	27/80	17/64	s
Ireland	23/73	16/61	27/80	17/64	s
Italy	23/73	16/61	27/80	17/64	s
Japan	23/73	16/61	27/80	17/64	s
Netherlands	23/73	16/61	27/80	17/64	s
Poland	23/73	16/61	27/80	17/64	s
Portugal	23/73	16/61	27/80	17/64	s
Romania	23/73	16/61	27/80	17/64	s
Spain	23/73	16/61	27/80	17/64	s
Sweden	23/73	16/61	27/80	17/64	s
Switzerland	23/73	16/61	27/80	17/64	s
Turkey	23/73	16/61	27/80	17/64	s
U.K.	23/73	16/61	27/80	17/64	s
U.S.S.R.	23/73	16/61	27/80	17/64	s
Yugoslavia	23/73	16/61	27/80	17/64	s

Asia

	Today		Tomorrow		W
	H	L	H	L	
Bangkok	21/88	15/61	23/88	16/57	s
Beijing	21/88	15/61	23/88	16/57	s
Bombay	21/88	15/61	23/88	16/57	s
Calcutta	21/88	15/61	23/88	16/57	s
Delhi	21/88	15/61	23/88	16/57	s
Hong Kong	21/88	15/61	23/88	16/57	s
Kobe	21/88	15/61	23/88	16/57	s
London	21/88	15/61	23/88	16/57	s
Manila	21/88	15/61	23/88	16/57	s
Osaka	21/88	15/61	23/88	16/57	s
Seoul	21/88	15/61	23/88	16/57	s
Singapore	21/88	15/61	23/88	16/57	s
Taipei	21/88	15/61	23/88	16/57	s
Tokyo	21/88	15/61	23/88	16/57	s

Unseasonably Cold

Unseasonably Hot

Heavy Rain

Heavy Snow

North America

Weekend rain in the East will signal a sharp change to cooler weather that will continue through early next week. Chicago and Toronto will be chilly, with possibly a few showers. Rain will soak Vancouver and Seattle while Los Angeles has a cooling trend.

Europe

London and Paris will have a few showers Sunday, then dry weather Monday. London will turn windy with showers again Tuesday, while Paris will have a few showers. Rain will soak Spain and Portugal will be mainly dry. Showers will deepen parts of Italy, especially southern regions.

South America

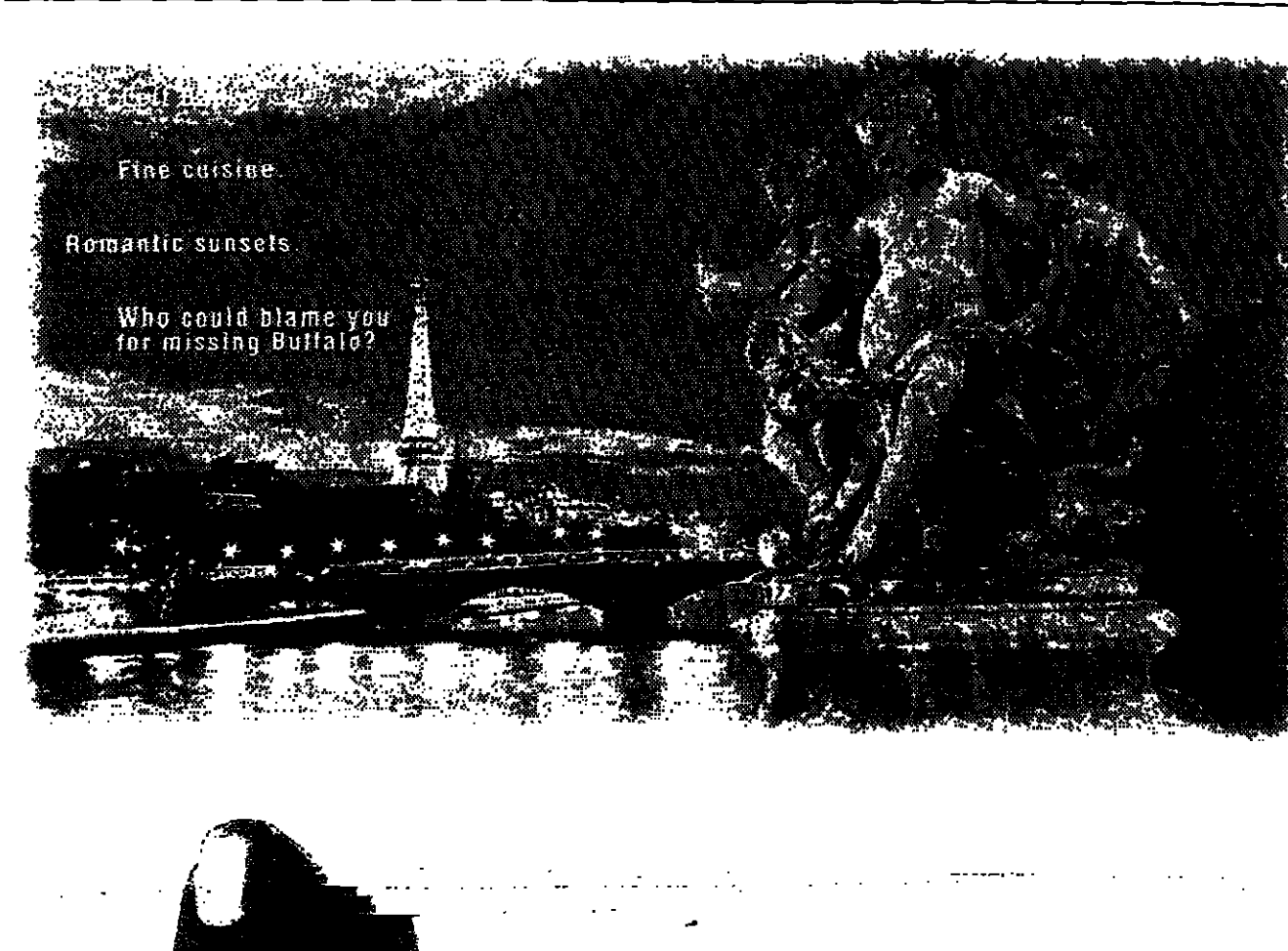
	Today		Tomorrow		W	
	H	L	H	L		
Buenos Aires	18/58	8/46	s	18/58	9/48	s
Caracas	18/58	8/46	s	18/58	9/48	s
Lima	18/58	8/46	s	18/58	9/48	s
Medellin	18/58	8/46	s	18/58	9/48	s
Rio de Janeiro	18/58	8/46	s	18/58	9/48	s
Sao Paulo	18/58	8/46	s	18/58	9/48	s
Santiago	18/58	8/46	s	18/58	9/48	s
Valparaiso	18/58	8/46	s	18/58	9/48	s

Asia

The remnants of Typhoon Ted will bring heavy rain to parts of Vietnam and southern central China. This rain could affect Hong Kong and Manila. A storm off the coast of Japan will churn parts of Korea and will bring showers and thunderstorms to Japan. Singapore will be humid with a few thunder showers.

Africa

	Today		Tomorrow		W
	H	L	H	L	
Algeria	23/73	15/69	26/79	18/64	s
Beijing	23/73	15/69	26/79	18/64	s
Bombay	23/73	15/69	26/79	18/64	s
Calcutta	23/73	15/69	26/79	18/64	s
Delhi	23/73	15/69	26/79	18/64	s
Hong Kong	23/73	15/69	26/79	18/64	s
Kobe	23/73	15/69	26/79	18/64	s
London	23/73	15/69	26/79	18/64	s



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Malta*	0600-800-015
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Portugal*	05011-1-235
Romania	01-800-128
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Slovak Rep.*	00-420-0010
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Ukraine	800-800-011
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Syria	800-8
U. Arab Emirates	800-11
AFRICA	
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